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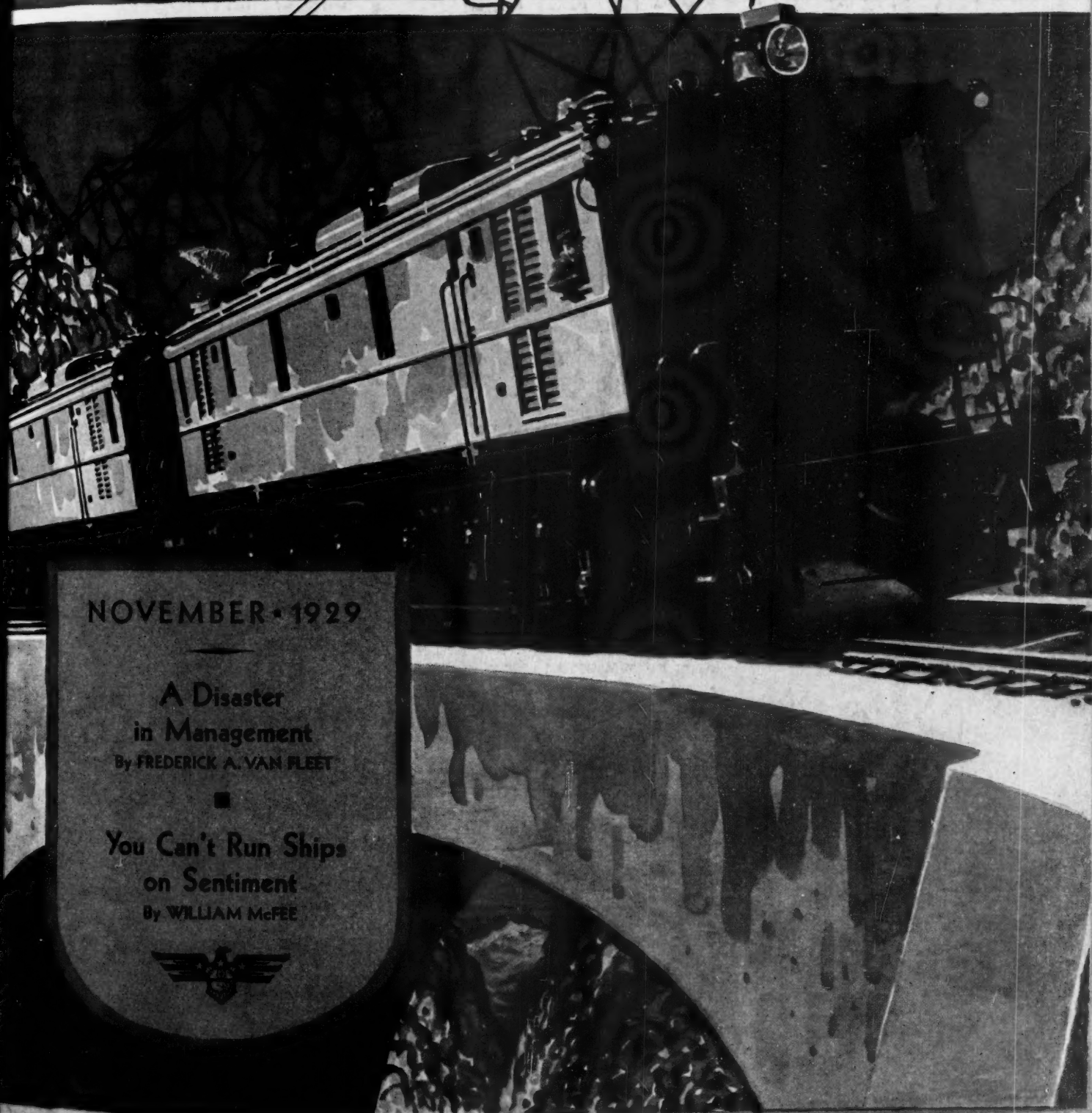
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NOVEMBER • 1929

**A Disaster
in Management**
By FREDERICK A. VAN FLEET


■
**You Can't Run Ships
on Sentiment**
By WILLIAM McFEE



ANSWER

| | | |
|---|---|---|
| LUX First Machine 1909 Total 206 | MORTON SALT CO. First Machine 1924 Total 54 | CREAM OF WHEAT CO. First Machine 1904 Total 36 |
| LEVER BROS. First Machine 1919 Total 4 | KOTEX MFG. CO. First Machine 1923 Total 47 | BLACK FLAG CO. First Machine 1924 Total 4 |
| FINK, INC. First Machine 1906 Total 187 | CORN PROD. REF. CO. First Machine 1908 Total 115 | SUN-MAID RAISINS First Machine 1922 Total 10 |
| SALADA TEA CO. First Machine 1924 Total 36 | | |

AMERICA'S LEADERS IN MASS PRODUCTION

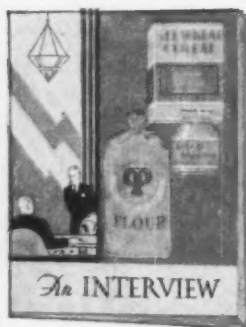


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President, Joseph Tetley & Company, Inc.

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TETLEY
 First Machine 1916
 Total 14

"hands off"
... said necessity



For the manufacturer who is contemplating the purchase of packaging machinery we should be glad to send a copy of an unusual book, "An Interview." It answers, briefly, the questions that every man asks when he examines the qualifications of a concern that desires to work for him. Write on your business letterhead.

HANDS are too slow, hands waste too much, hands are not hygienic — hands off! So said America's leaders in mass production not many years ago when the package was first born, bringing with it the problem of how to fill, weigh and seal it at a speed to keep pace with volume.

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PACKET COMMERCIAL SEDAN—convertible for passenger or merchandise transportation.



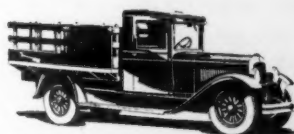
FREIGHTER EXPRESS—with demountable canopy top—screen sides available—generous loading space.



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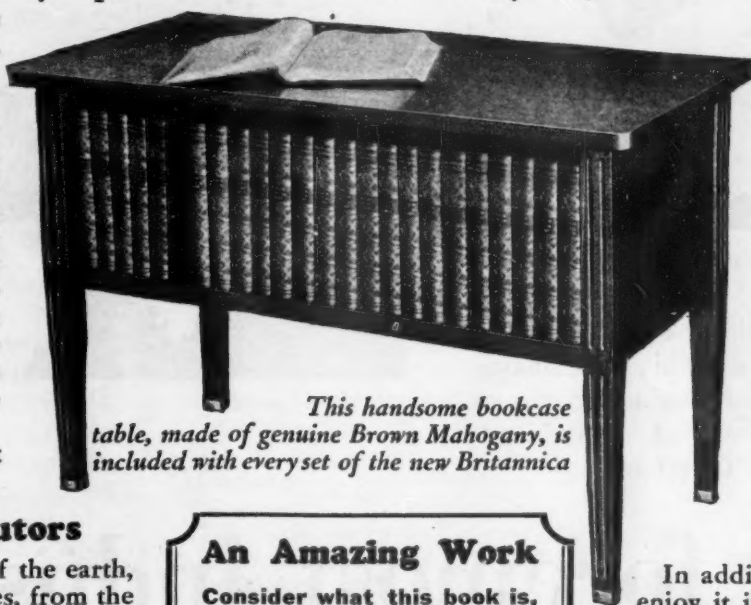
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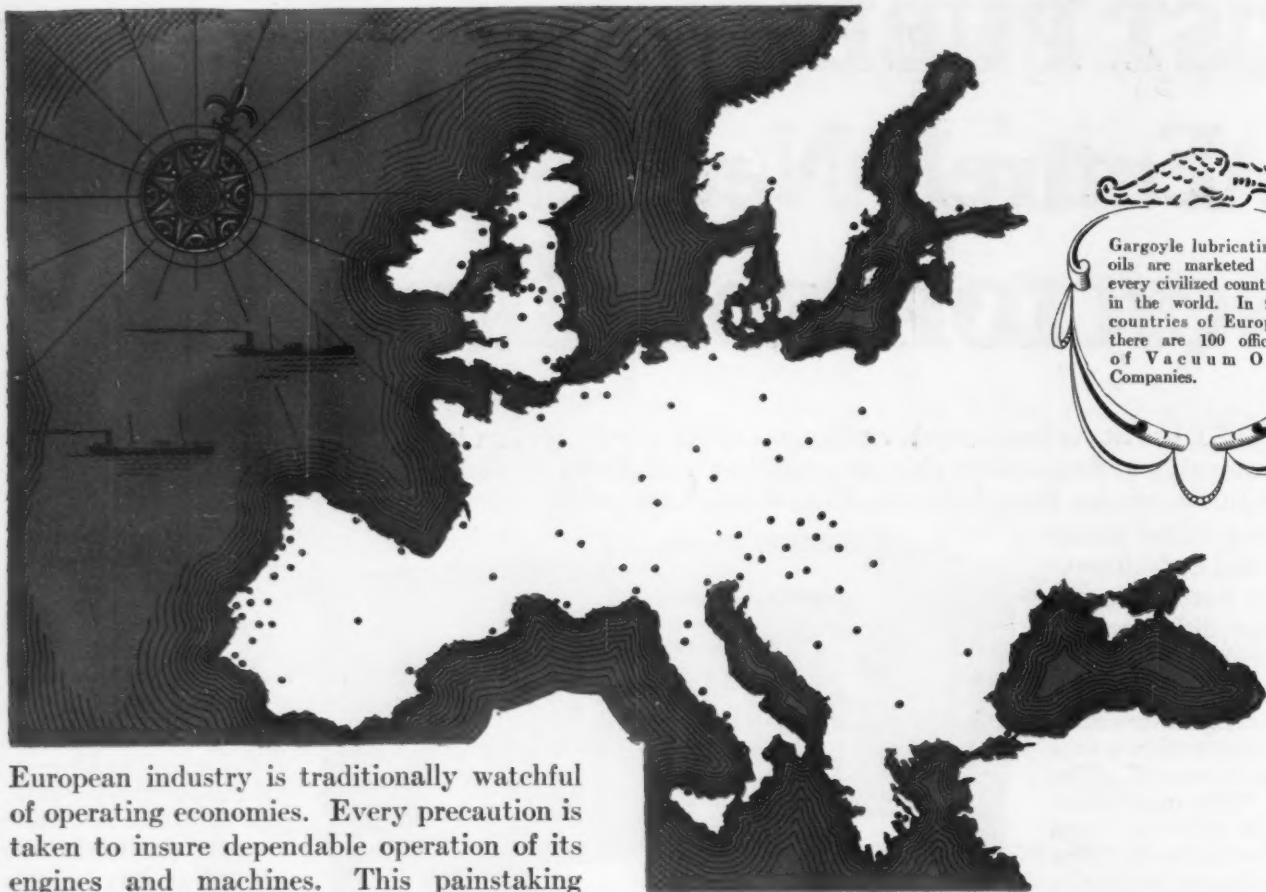
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THIS MONTH AND NEXT

SOME years ago art and real estate circles in New York were thrown into a fever of discussion by the discovery that the American Radiator Company was building a black office building. Black office buildings were like Gelett Burgess' purple cow, no one had ever seen one. Some people even cried, "You can't build a black office building."

While the discussion went on, Raymond M. Hood built the building, and on page 19 you will find a picture of it. Now he proposes something even more spectacular, a Gargantua among buildings that would cause a realignment of property values, of municipal planning and even of the lives of entire cities. If his idea appears to you to have a Jules Verne flavor, just remember that Mr. Hood is doing what seems to him to need doing.



Another man who goes completely deaf when people begin to cry, "You can't do B. G. Dahlberg that," is B. G. Dahlberg. At 13 he was running an elevator. Now he is president of the Celotex Company. The Celotex Company was built on an idea hidden in a wilderness of obstacles. Mr. Dahlberg's article, "There's Gold in the Golden Rule," explains how these obstacles were overcome by selfish philanthropy.

There is inspiration to be had from these stories of obstacles overcome. But, we have sometimes wondered, cannot inspiration be arrived at by other routes? For instance, is there not inspiration in a story of colossal failure?

Cannot such a story inspire by teaching the need for greater knowledge, more careful planning, more responsible management? NATION'S BUSINESS believes



R. M. Hood



Wm. McFee

NATION'S BUSINESS for NOVEMBER

VOLUME 17



NUMBER 12

| | PAGE |
|---|---------------------------|
| Closets of the Future..... | Merle Thorpe 9 |
| As the Business World Wags..... | 11 |
| A Disaster in Management..... | Frederick A. Van Fleet 15 |
| A City Under a Single Roof..... | Raymond M. Hood 19 |
| Your Job—after the Merger..... | James H. Collins 21 |
| There's Gold in the Golden Rule..... | B. G. Dahlberg 23 |
| Ships, Sentiment and the Balance Sheet..... | William McFee 24 |
| How Much Can We Lend Abroad?..... | Max Winkler 27 |
| Since Last We Met..... | 29 |
| The Map of the Nation's Business..... | Frank Greene 31 |
| Clearing the Ether's Traffic Jams..... | Louis G. Caldwell 33 |
| A Chinese Scholar Views Business..... | Kiang Kang-Hu 36 |
| What Makes a Successful Executive?..... | Albert R. Erskine 39 |
| The World's Worst Waste..... | Mark L. Requa 41 |
| Juggling Corporate Capital..... | Charles B. Couchman 43 |
| Advertising the Part to Sell the Whole..... | G. D. Crain, Jr. 46 |
| What Uncle Sam Got for an Empire..... | Agnes C. Laut 49 |
| Confessions of a Spellbinder..... | Labert St. Clair 55 |
| Looking On in Washington..... | William Hard 61 |
| The World Sits for its Photo..... | Alfred P. Reck 64 |
| Britain Under Labor Rule..... | George Young 68 |
| He Imparts His Faith to the Public..... | Edwin C. Hill 76 |
| Selling a Hotel to the Public..... | Albert S. Crockett 82 |
| Are You Still Making "Model T"?..... | E. W. McCullough 96 |
| Why Trained Men are Needed..... | 107 |
| News of Organized Business..... | Willard L. Hammer 113 |
| On the Congressional Horizon..... | Fred DeWitt Shelton 124 |
| Making Grocery Wholesaling Pay..... | Tom C. James 129 |
| Who Should Run the Railroads?..... | C. D. R. Sherrington 136 |
| Topics from the Business Press..... | Paul H. Hayward 150 |
| What the World of Finance Talks Of..... | Merryle S. Rukeyser 167 |
| A Young Man Looks at Business..... | Darwin L. Teilhet 183 |
| Simplifying Hardware Selling..... | George E. Hall 192 |
| How Leather Is Laying Its Ghosts..... | H. J. Payne 203 |
| What Do Your Luncheons Give You?..... | Fred B. Barton 210 |
| What I've Been Reading..... | William Feather 228 |
| On the Business Bookshelf..... | 234 |
| Through the Editor's Specs..... | 241 |
| Index to Advertisers..... | 244 |

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

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it can. So this month it begins an account by Frederick A. Van Fleet, an able writer, of the debacle that resulted from the venture of the Brotherhood of Locomotive Engineers into banking, real estate and finance—an enterprise involving millions of dollars.

Before William McFee became a writer of books—he has written almost a dozen—he was a sea-going engineer, at one time serving in the United States Merchant Marine. While in that service he saw many things that convinced him that the United States cannot operate a merchant



A. R. Erskine

marine. When a constructive critic speaks, it is well to listen, and Mr. McFee's maritime knowledge makes his opinions on this subject worth hearing. Moreover, his skill as a writer makes it a pleasure to learn his views.

Dr. Max Winkler is a broker in New York. For sometime foreign loans have been his particular study. Coupling the information thus gathered with broad knowledge of economics, he has given us, "How Much Can We Lend Abroad?" In this article the business man will find a guide to intelligent investment in foreign securities.



Dr. Winkler

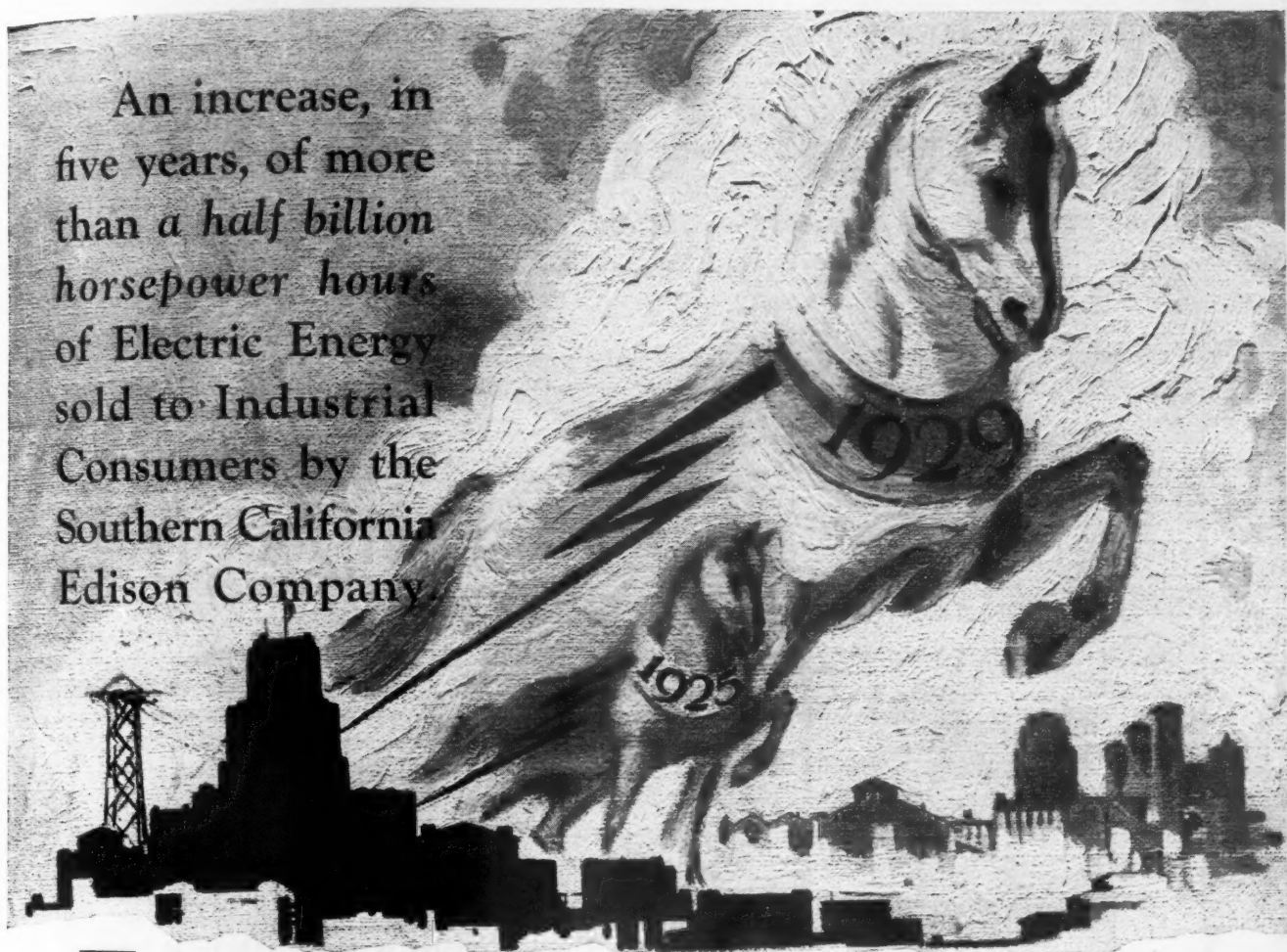
Advice along a different line is offered by Albert R. Erskine, president of the Studebaker Corporation. Mr. Erskine has served in executive capacities with the American Cotton Company, the Yale & Towne Manufacturing Company, and the Underwriter Typewriter Company. In the course of his experience he has been associated with many business leaders. In his article, "What Makes a Successful Executive?" he outlines the qualifications that, in his opinion, suit a man to head a big organization.



Lew Hahn

Next month's writers include Lew Hahn, president of Hahn Department Stores, Inc.; Gen. James G. Harbord, president of the Radio Corporation of America; Secretary of Labor James J. Davis; Secretary of Commerce Robert P. Lamont; H. M. Foster of the *New York Journal of Commerce*; and Ralph Budd, president, the Great Northern Railway.

An increase, in five years, of more than a half billion horsepower hours of Electric Energy sold to Industrial Consumers by the Southern California Edison Company.



This Reflects the Marvelous Growth of **INDUSTRY** in Los Angeles County

Southern California Edison Company serves an area of 55,000 square miles... a population of approximately 3,000,000 people.

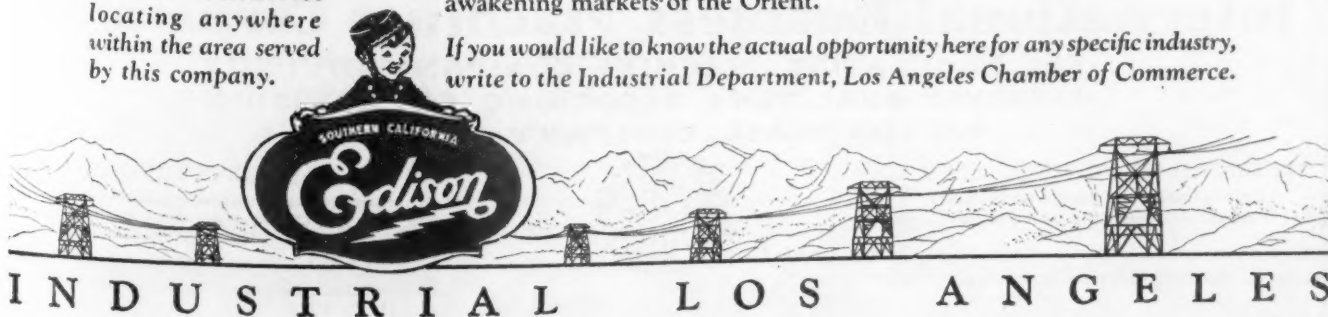
With the completion of this year's development program, costing \$29,000,000, this company will have a total investment of more than \$320,000,000 in its generating and distributing system.

Immediate hook-up is available to industries locating anywhere within the area served by this company.

AGGRESSIVE MANUFACTURERS have their eyes on Los Angeles County. 100 new manufacturing plants have been established here in past twelve months. Southern California Edison Company alone has sold to industrial consumers 506,150,576 horsepower hours of electric energy in the first six months of 1929, (more than in the entire year of 1925).

The reasons are obvious: Population growth unparalleled in history; temperate climate the year 'round; contented efficient labor; unexcelled transportation; abundant power and water at low cost; quick access, at favorable rates to all Pacific Coast markets, and to the stupendous awakening markets of the Orient.

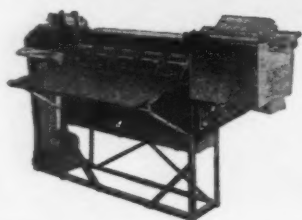
If you would like to know the actual opportunity here for any specific industry, write to the Industrial Department, Los Angeles Chamber of Commerce.



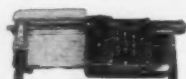
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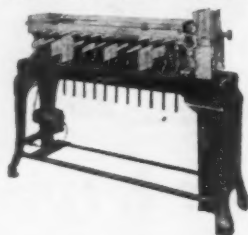
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NATION'S BUSINESS



★
A MAGAZINE FOR BUSINESS MEN

Closets of the Future

HE FAILED," my visitor said, "because he was slipped up on from behind."

But was it from behind? True, it was a process discovered and developed in another industry which made his product out-of-date almost overnight. But had he been looking across and beyond his own individual business. . . .

External forces often determine the success or failure of an enterprise. Efficiency on the inside is not enough nowadays.

The new competition between industries . . . legislation . . . new international agreements . . . revolutionized distribution . . . new processes, new practices . . . new discoveries in the fields of science and invention. Who today has not been affected by some of these external forces that are placing obstacles—and opportunities—in the pathway of management?

Not so long ago American industry thought in terms of waste products instead of by-products. And these by-products have often become stern competitors in strange fields.

Enlightened business has learned that the selfsame ability which discovers a new star, a new cure, or a new law of nature is also capable of discovering new and better industrial methods and products.

Everywhere the old and familiar is putting up a new front to meet the challenge of change. Cloth and paper are "slipping up from behind" with a flame-resistant process, thus freeing them from an ancient handicap in competition. Oil "looks across and beyond" and anticipates an engine designed to use pulverized coal. Chemistry, by the development of antioxidants, saves rubber tubing, about to be discarded by the player piano industry, by lengthening its life ten times.

The furniture industry is not asleep to the advance of metal tables, chairs, and beds in colors, and comes to grips with the sheet metal makers.

In the research department of one of the great rubber companies is what might be called a "closet of the future." In it are all sorts of rubber articles. They are waiting for tomorrow. Their production is too costly for present competition.

But let external forces appear—leather prices go up, rubber prices go down, or the processing be cheapened a bit—and "present competition" will feel the pinch unless it has anticipated those external forces.

That "closet of the future" is the premium paid by a vigilant industry for its future prosperity.

Readiness for any shift or development is the essence of good business leadership.

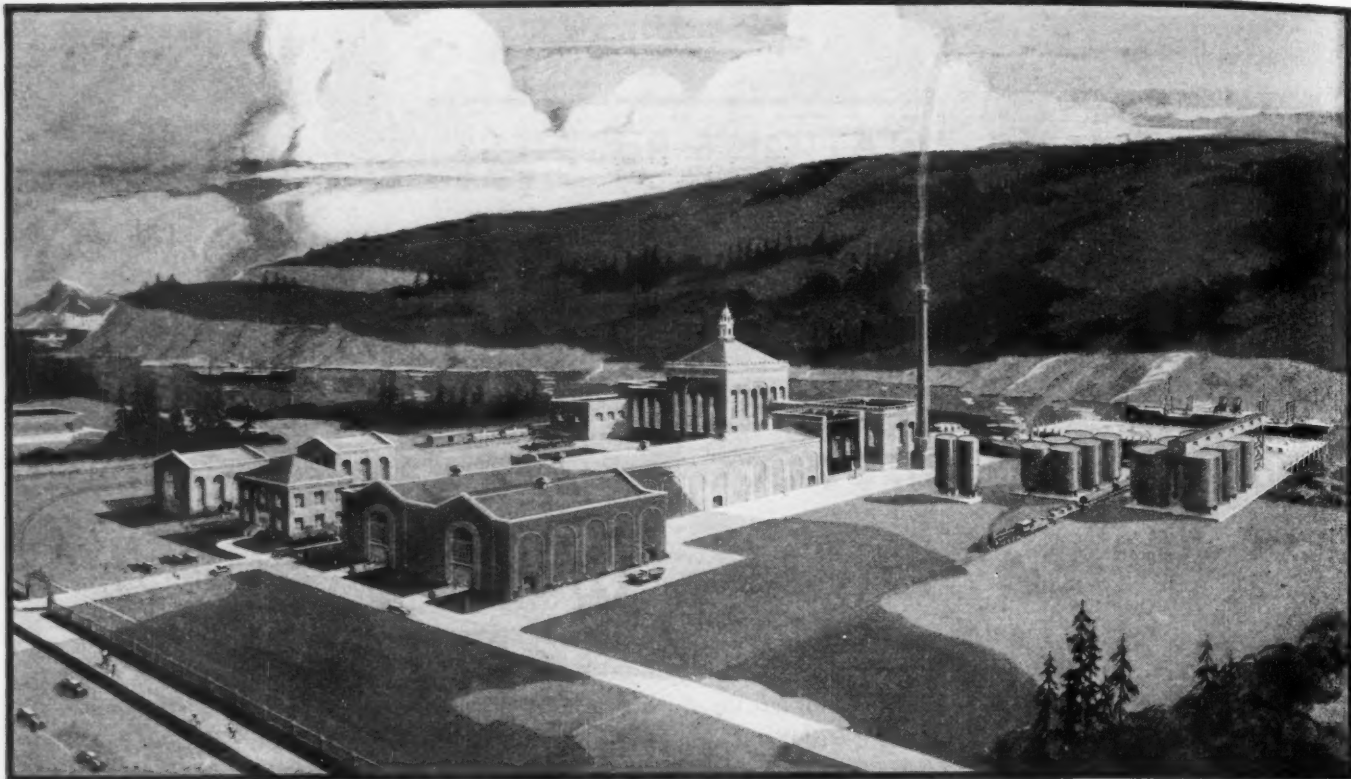
There can be neither security nor prosperity for the industrial drifter and complacent captain of business.

The public pays the tribute of its custom only to the watchful, the resourceful, the wide-awake enterprise, to the management that sees business as a whole, and that can read its signs and portents.

Reconnaissance of the business horizon, constant and continuous, to detect "external forces" which may make or break any enterprise in these days of startling change, is the new obligation laid on management.

If management today had time for motto-writing, its text might well be "Keep informed—anticipate, adapt, adopt—and keep informed!"

Meree Thorne



New Austin-built plant of Hooker Electrochemical Company at Tacoma, Wash.

Again Austin demonstrates ability to deliver on time

OFFICIALS of Hooker Electrochemical Company, Niagara Falls, N. Y., decided to build a complete new plant at Tacoma, Wash., to supply chemicals for the industries of the Pacific Coast, including the pulp and paper plants of the Northwest. Speed was an important factor and Austin was awarded the contract, Hooker officials having had previous experience with Austin performance on a major plant development at Niagara Falls.

Schedule called for completion February first. Although a substantial amount of work not included in the original contract was added, Austin completed the plant on schedule. That the owners were pleased is indicated

not alone by their statements but by a repeat contract for some work at Los Angeles.

As in hundreds of other large projects, this unusual performance was made possible by the Austin Method of Undivided Responsibility. The general work on this project was handled by this one capable organization, and included piping, electrical work and machinery erection, also a large amount of waterfront work such as piers, bulkhead, and roadway.

From Coast to Coast, the nation-wide Austin organization provides big business with an all-around engineering, construction and equipment service that is fast, dependable and reasonable in cost.

For approximate costs and other information on any type or size of building project, phone the nearest office, wire or send the memo.

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Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It*

The Soviet Looks Ahead



Construction of the U. S. S. R. (Union of Socialist Soviet Republics)."

It is hard to conceive of an American business man reading this book—and American business men ought to read it—without a gasp of amazement.

Here is a country enormous in extent, enormous in population, planning, on the basis of an economic system quite contrary to ours, an industrial development "which involves capital investments during that period to the formidable total of \$33,000,000,000."

The program is overwhelming, so overwhelming that the first and most natural reaction is "it can't be done," and perhaps it can't.

But the picture is worth looking at. It is painted on a tremendous canvas, so many billions of rubles for electric power plants; so many billions for the chemical industry; so many billions to enlarge old coal mines and to open new ones. And for each new factory a location is marked, chosen, the planners assert with due regard to sources of raw material and power and areas of consumption.

With some phases of the plans we shall deal again. Just now it is the challenge to capitalism that interests us on a first reading. Here are two sentences from an early chapter:

The scope and the rate of economic development in the Soviet Union must be measured not by a comparison with the miserable economic condition of Czarist Russia, but by the standards of economic and cultural progress which obtain in the most advanced countries of the modern world. The object must be, with the aid of the colossal natural resources of the Soviet Union, the advantages afforded by its system of an organized and planned national economy, and the latest technical achievements, to secure a rate of economic development higher than that yet attained by modern capitalist countries.

"THE Soviet Union Looks Ahead" is the modest title under which Horace Liveright has issued in this country the English summary of the "Five Year Plan for Economic

Or this:

The five-year program will mark a considerable advance in the process of raising the Soviet Union to the level of the advanced capitalistic countries and will provide a basis for even more rapid progress in the great competitive race between socialist and capitalist economy.

It is hard to conceive that Soviet Russia has the man power, the management power or the financial power to put through so tremendous a program.

Tax Cuts and Why



THE Treasury Department, it is announced, will propose to the Congress that meets in December tax reductions between \$200,000,000 and \$300,000,000.

The dependable New York Times reporting the state of mind of the Department and its reasons for advising this tax cut prints these two paragraphs:

From the increase in revenue which has followed tax reductions, officials conclude that men of wealth find it more profitable to put their surplus funds into productive business than to keep them hidden in tax-exempt securities and that under lower rates, business generally has a tendency to expand and taxable income to increase.

It now appears certain that collection of corporation taxes under the 12 per cent rate would be greater than under the old 13½ per cent figure.

The latter paragraphs recall these sentences from the report of the National Chamber's Committee on Federal Taxation sent to its organization members for referendum in October, 1927:

Any undue burdens placed on the corporations either by taxation or otherwise are obstructing the development of one of the most important instruments of economic progress which have been developed.

Normal business expansion yields a constantly increasing income available for taxation. During the past fiscal year had there been no increase in the corporation income tax rate, the corporations would nevertheless have paid approximately \$75,000,000 more income taxes than they did in 1926. The last revenue act provided for drastic reductions in the personal income tax rates and greatly increased exemptions and, although these reductions were effective

throughout the fiscal year 1927, the personal income taxes paid during that year exceeded those of the previous year nearly \$33,000,000.

Our Feminine America



THE professors are at it again. Our valued friend, Prof. Robert E. Rogers of Massachusetts Tech, who brought down upon his head some miles of newspaper clippings because he told a group of young graduates to be snobs, has discovered that the thinking of the American people is feminine because America has had too many women schoolteachers.

Already the woman schoolteacher has risen to reply, one leader of education so far forgetting herself as to say:

"Professor Rogers is talking through his hat."

Prof. Lewis M. Terman of Stanford seems to feel that America may be turning feminine, but finds a different reason. He told assembled psychologists at New Haven that marriage so alters the husband that before he knows it the wife is doing the thinking for both.

And so far no woman has risen to tell Professor Terman that he, too, is talking through his hat.

But what glorious material for those who promote and sell the advertising space in the women's magazines! Up to now they have contented themselves with such statements as Dr. Julius Klein's that "41 per cent of our passenger cars are bought by women."

If America is feminine and if wives dominate their husbands' thinking why stop at 41 per cent? Why advertise or seek to sell anything at all except to women? What is man for except to earn money? The poor thing, dominated in youth by a woman teacher and in his subsequent years by a wife, shouldn't be allowed to spend it!

Two and Two Are Not Four



THE LACK of success of some mergers seems to have been that they were based on the assertion that two and two equal sometimes five and always four, and in business this is not always true.

The A company makes pots and pans and sells \$4,000,000 worth a year and makes \$400,000; the B company makes sieves and strainers, sells \$1,000,000 worth a year and makes \$100,000. If then we add—or merge—A company to B company we should have the A and B company making \$5,000,000 worth of pots and pans and sieves and strainers and making \$500,000.

But, however true that may be mathematically it isn't true in practice. A and B company may increase its output, lower its production and selling costs and make increased profits. In short 2 plus 2 may equal 5 or 6.

But all too often we find that the A and B company does not increase its combined production and sales

and does increase its costs of production. Result? $2 + 2 = 3$ which mathematically may be untrue but happens in life.

Here's a story told by a business man the other day that illustrates what happens when the wrong things are added together in a merger:

"I know of a grouping of several companies whose chief interests were in distribution. It seemed on the surface a proper enough merger and a \$10,000,000 company. But in truth the chief assets of those companies were their sales forces and the salesmen didn't work well under the new regime. One by one, they stepped out until finally the \$10,000,000 company wound up with assets of \$700,000."

Simple addition isn't so simple after all.

Change and Progress



IT'S A tough job in these days of fast moving and highly competitive business to catch up with the other fellow and just as tough a job to keep up with him as it was to catch up with him. As to passing him, look at this experience:

Sometime ago the White Star Line started building the 50,000 ton Oceanic at the Harland and Wolff Shipyards in Belfast. Work was well under way when the Bremen of the Hamburg-American line went flying over the ocean.

The Oceanic was intended for Diesel engines; the Bremen has geared turbines; the Bremen's bulbous bow suggests changes. In addition whether big ships are as profitable as smaller is a moot question.

Change, quick change, rules business today whether it be making and running steamships or selling groceries in competition with a chain.

Too Much Standardization?



HOW often when two business men meet does the conversation run like this?

"How's business?"

"Business is rotten. How are things in your line?"

"Oh, not so good!"

And so when a business visitor comes into the editor's office he is greeted with the question:

"Well, what's wrong with your business?"

Usually it develops that there isn't much wrong anyhow, except that sales and profits and growth are not as great as the visitor wishes.

But the other day a man whose chief interest is in selling things to railroads brought out two definite troubles in his industry.

"For one thing," he said, "some of us are worried about reports that some bankers are discussing the establishment of a sort of clearing house for the sale and purchase of railroad supplies. We, of course, see a strong argument against centralization of railway purchases. Every step in that direction tends toward overstandardization of design, exclusion of new men

from the business, stressing of price as against quality, service and dependability, and the slowing-down of progress.

"The other thing is that while some of the railroads appear to be getting away from manufacturing their own necessities there are others which still harbor the idea that the roads should forego the advantage of buying in a highly competitive field and go on adding to their investment in manufacturing plants under conditions where labor costs are increased by governmental influence."

The troubles of this business are paralleled by the troubles of how many other industries? The notion that the salesman, even though he be an engineer, is an extravagance, impresses consumers and stockholders who do not think the problem through, just as the notion that it is cheaper to do a thing yourself than to have it done by an expert always finds supporters.

Education in a Magazine



IN HIS address to the students of Dartmouth College opening its 161st academic year, President Ernest M. Hopkins gave a definition of the purposes of a liberal college which needs only the substitution of a word or two to become an admirable description of what this magazine seeks to do. Said President Hopkins:

The objective of the liberal college is to stimulate minds to activity in consideration of present day problems under restraint of lessons of the past and under spur of imagination as to the possibilities of the future.

Read that again, please, substituting "NATION'S BUSINESS" for "the liberal college" and there in brief is what this magazine strives to be.

The proper relations of government to business, the competition of the chain and the independent, the possibility of lessening the costs of competition without approaching monopoly, these are not new questions, they are problems to be considered "under restraint of lessons of the past."

And the possibilities of the future "under spur of imagination." Deal with them as often as we may there are always new subjects for NATION'S BUSINESS. The house, the shop, the factory of today are as apt to change as much tomorrow as they have already changed from yesterday.

The Why of a Referendum



A NATION'S BUSINESS subscriber, unwilling to renew his subscription, makes a common error about the United States Chamber of Commerce when he gives his reasons for that unwillingness.

He says of a pending referendum concerning proposed changes in the calendar that he feels the Nation-

al Chamber is in error if "it thinks it can serve its country best by urging it and all the rest of the world to change a divine institution, the 12 month year, to a 13 month year."

Honoring John G. Lonsdale



MEMPHIS, Hot Springs, a ten-year interlude in New York, then St. Louis, that's the geographic background of John G. Lonsdale, just chosen president of the American Bankers' Association. In spite of that ten years



DUFFY IN THE BALTIMORE SUN

"A sailor's life is not the life for me"

on the Atlantic Coast, Mr. Lonsdale is of, and belongs to, the Mississippi Valley.

Not that his interests and activities are limited to a city or a state or a region but it is hard to disassociate him from that great region that is watered by the Mississippi.

He has helped to make the Mercantile-Commerce Bank & Trust Company of St. Louis a power not only in its own city but over a great area in the middle west.

The new president of the Bankers' Association is no stranger to the members of the United States Chamber. He has had an active part in its deliberations since 1921, serving on a dozen of its committees and having been a director since 1925.

Banks Are Changing, Too



THE changing character and swift pace of metropolitan banking are emphasized by the new roster of bank presidents in New York. Louis G. Kaufman is the only one among the big ten bank presidents in New York who occupied the same chair in 1919. This table lists the men now presidents of outstanding banks in New York and those who filled the same posts ten years ago:

| | President 1929 | President 1919 |
|--|----------------------|---------------------------|
| National City Bank * | Gordon S. Rentschler | Frank A. Vanderlip |
| Chase National Bank | Charles S. McCain | Eugene V. R. Thayer |
| Guaranty Trust Co. | William C. Potter | Charles H. Sabin |
| Equitable Seaboard (1) | Chellis A. Austin | Alvin W. Krech, Equitable |
| Irving Trust Co. | Harry E. Ward | S. G. Bayne, Seaboard |
| Bankers' Trust Co. | A. A. Tilney | Fred G. Lee* |
| Central Hanover (2) | George W. Davison | Seward Prosser |
| First National | Jackson E. Reynolds | Wm. Woodward, Hanover |
| | | N. Wallace, Central Union |
| | | Francis L. Hine |
| Bank of Manhattan Co. | J. Stewart Baker | Stephen Baker |
| Manufacturers' Trust | Henry C. Von Elm | Nathan S. Jonas |
| Bank of America | Edward C. Delafeld | William H. Perkins |
| Chemical Bank & Trust Co. | Percy H. Johnston | Herbert Twitchell |
| N. Y. Trust Co. | Artemus L. Gates | M. N. Buckner |
| Chatham Phenix | Louis G. Kaufman | Louis G. Kaufman |
| (1) Merger of Seaboard National and Equitable Trust Co. | | |
| (2) Merger of Central Trust Co. and Hanover National Bank. | | |
| * Mr. Ward was president of Irving National, chief component of present Irving Trust Co. | | |

More and Fresher Figures



THERE is a virtue in freshness and that virtue applies not only to fruits and vegetables but figures. Statistics to be of their utmost value ought to be served like green corn, soon after they're picked.

That's a point which the able men who are directing the censuses of manufacture and distribution are eager to drive home to the business men of this country upon whose aid and cooperation the usefulness of these collections of figures depends.

But if there's delay at the point of origin there's delay all along the line and that delay is more apt to be increased than decreased.

If these censuses of business are worth taking and the Chamber of Commerce of the United States is on record as approving of them, then they are worth the wholehearted support of business men. One form that support should take is promptness in answering the inquiries.

"More and better figures" is a good thing for busi-

NATION'S BUSINESS for November, 1929

ness. Perhaps the slogan might read: "More and fresher figures."

To Sell, Know Your Customer



A DELEGATION of two waited one day on President Coolidge to ask him to attend a meeting. One of the callers was a Senator who knew Vermont folk. The other was a statesman of rounded speech with faith in the persuasive power of oratory.

It was arranged that the orator should first present the plea and then, if the President seemed indifferent the Senator should take up the task.

The orator proceeded. He poured forth words, eloquent words. Mr. Coolidge sat immovable.

Finally the Senator thought it time to break in. All he said was:

"I think you ought to come, Mr. President. They're our kind of folks."

The President's face lightened a little. There was the twitching of a smile at the corners of his mouth as he said: "I'll be there."

Moral—If you want to sell anything, it's well to understand your prospect.

BUSINESS INDICATORS

Latest month of 1929 and the same month of 1928 and 1927 compared with the same month of 1926

| Production and Mill Consumption | Latest Month Available | Same Month 1926 = 100% | | |
|---|------------------------|------------------------|------|------|
| | | 1929 | 1928 | 1927 |
| Pig Iron | September | 111 | 98 | 89 |
| Steel Ingots | September | 120 | 110 | 87 |
| Copper—Mine (U.S.) | September | 108 | 108 | 91 |
| Zinc—Primary | September | 102 | 95 | 92 |
| Coal—Bituminous | September* | 95 | 89 | 90 |
| Petroleum | September* | 134 | 116 | 115 |
| Electrical Energy | August | 131 | 120 | 107 |
| Cotton Consumption | September | 95 | 92 | 118 |
| Automobiles | September* | 106 | 111 | 65 |
| Rubber Tires | July | 128 | 134 | 107 |
| Cement—Portland | September | 104 | 108 | 106 |
| Construction | | | | |
| Contracts Awarded—36 States—Dollar Values | September | 82 | 108 | 93 |
| Contracts Awarded—36 States—Square Feet | September | 83 | 107 | 90 |
| Labor | | | | |
| Factory Employment (U.S.)—F.R.B. | August | 100 | 95 | 97 |
| Factory Pay Roll (U.S.)—F.R.B. | August | 103 | 97 | 97 |
| Wages—Per Capita (N.Y.) | August | 104 | 102 | 102 |
| Transportation | | | | |
| Freight Car Loadings | September* | 100 | 98 | 96 |
| Gross Operating Revenues | August | 101 | 96 | 96 |
| Net Operating Income | August | 106 | 97 | 89 |
| Trade—Domestic | | | | |
| Bank Debts—New York City | September | 196 | 151 | 130 |
| Bank Debts—Outside | (X) September | 117 | 107 | 107 |
| Business Failures—Number | September | 109 | 114 | 109 |
| Business Failures—Liabilities | September | 114 | 113 | 109 |
| Department Stores Sales—F.R.B. | September | 107 | 105 | 99 |
| Five and Ten Cent Sales—4 Chains | September | 123 | 122 | 110 |
| Mail Order House Sales—2 Houses | September | 166 | 134 | 108 |
| Wholesale Trade—F.R.B. | August | 106 | 103 | 104 |
| Trade—Foreign | | | | |
| Exports | August | 99 | 98 | 97 |
| Imports | August | 110 | 103 | 110 |
| Finance | | | | |
| Stock Prices—30 Industrials | September | 228 | 150 | 122 |
| Stock Prices—20 Railroads | September | 150 | 118 | 115 |
| Number of Shares Traded | September | 261 | 235 | 126 |
| Bond Prices—40 Bonds | September | 97 | 101 | 103 |
| Values of Bonds Sold | September | 116 | 106 | 142 |
| New Corporate Capital Issues—Domestic | September | 220 | 129 | 137 |
| Interest Rates—Commercial Paper, 4-6 Months | September | 128 | 126 | 88 |
| Wholesale Prices | | | | |
| U. S. Bureau of Labor Statistics | August | 99 | 100 | 96 |
| Bradstreet's | September | 99 | 103 | 104 |
| Duns | September | 103 | 104 | 102 |
| Retail Purchasing Power, July 1914 = 100% | | | | |
| | | 1929 | 1928 | 1927 |
| Purchasing Power of the Retail Dollar | | 61 | 62 | 62 |
| Purchasing Power of the Clothing Dollar | | 59 | 58 | 59 |
| Purchasing Power of the Food Dollar | | 63 | 65 | 66 |
| Purchasing Power of the Rent Dollar | | 63 | 62 | 59 |

X Excl. Boston, Cleveland, Chicago, Los Angeles, Philadelphia, Detroit, San Francisco, and New York.

* Preliminary.

Prepared for Nation's Business by General Statistical Division, Western Electric Company.



HERE, for the first time, is told the complete story of the misadventures of the Brotherhood of Locomotive Engineers in the realm of business. The story is presented not as an indictment but rather as an illustration of the vital need, today as never before, of having experienced hands on the business throttle.



HORYOCZAK



EWING GALLOWAY, N. Y.

The Brotherhood had steam up for a record run to big profits—but there were unexpected obstacles

A Disaster in Management

By FREDERICK A. VAN FLEET

THIS is the story of a competent locomotive engineer and great labor leader who dreamed of cooperative wealth and essayed to become a great financier and business man overnight.

Warren S. Stone was a great labor leader, beyond doubt. Few, if any, of the union labor organizations have commanded the respect accorded the

Brotherhood of Locomotive Engineers under his leadership. But he was not a great business man.

He might have been, with the necessary training. Many of the qualities which make for business leadership were his. He had the confidence of his fellow men. He had vision. He had courage. But his training had been first mechanical, then along those quasi-political lines

developed in labor leadership. Nowhere in his experience was there anything to fit him for the administration of millions.

It was the dream of Mr. Stone and his associates to pool the resources of the Brotherhood and all its members who would participate and use those resources in active participation in business for profit. With trained and experi-

enced management the dream might have been realized, but none of the leaders had adequate training or experience, nor did any of them realize its necessity.

For more than two years financial experts, headed until recently by Col. Claudius H. Huston, one time assistant secretary of commerce and now chairman of the Republican National Committee, have been unscrambling the affairs of the Brotherhood's various holding companies, realty companies and other ventures.

This unscrambling was ordered by the 1927 Brotherhood convention which, after investigating all the organization's financial affairs, removed four of its principal officers, and adopted a definite policy of placing its business ventures into the hands of successful business men and asking its officers to handle only labor matters.

When Mr. Stone was chosen, in 1903, to head the Brotherhood that organization was only a labor union.

Brotherhood's plight in 1925

WHEN HE died in office, in 1925, the Brotherhood owned banks, trust companies, holding companies, investment companies, more than 50 companies all told, doing hundreds of millions of dollars' worth of business every year, and three large buildings.

Brotherhood officers had also just learned of losses in these ventures aggregating some \$4,000,000 and were look-

ing for ways to recoup these losses quickly.

Two years later the Brotherhood, assembled in triennial convention, found itself involved still further with a gigantic deal in Florida real estate. This had been undertaken shortly after Stone's death. Intended originally as a quick move for profit to wipe out previous losses it had developed into the biggest thing the Brotherhood had ever undertaken, involving the subdivision of some 30,000 acres of land into city lots and farms, the construction of roads, streets, sidewalks, sewers, buildings and all sorts of development, and the sale in individual parcels.

It was then that the Brotherhood decided to get out of the active conduct of business affairs, hiring experts to untangle them, and leaving the Brotherhood officers free to conduct labor affairs only.

The banks always had been under more capable direction than the other undertakings, and the banks were kept clear in the difficulties which some of the real estate and industrial investments got into. They continue to have the confidence of their communities where they still remain under Brotherhood ownership.

That is the story of the business adventures of the Brotherhood. The losses developed in ventures other than banking, and most of them seem to have resulted from poor management and an almost uncanny ability to buy at the top of the market. Stone and other

Brotherhood officials invested large sums successfully at the top of the boom in West Virginia coal lands, Cleveland apartment hotels, Cleveland office buildings and Florida real estate. Financing these propositions put the Brotherhood agencies doing the financing in bad.

The Brotherhood, when it got the true picture of the activities conducted in its name, took prompt steps to straighten things out. It also undertook to raise from its members money in a loan and on assessments so that it might not be said that the organization was evading any part of its responsibility for the enterprises which had borne its name.

Engineers are not bankers

THE Brotherhood's adventures do not necessarily mean that cooperative ventures can never succeed any more than the starting of those ventures meant the millennium which some enthusiasts foresaw.

Neither does this account of these adventures reflect on the honesty of intention or the high purpose of the central figures, two of whom, Stone and William B. Prenter, his close associate and successor, are dead.

The story points a moral which a former Brotherhood man expressed as aptly as it could be.

Stanton Ennes, once president of the Wheeling & Lake Erie Railroad, was at two periods manager of the Florida real estate venture. In a pamphlet on the Florida deal, issued this year, he says to Brotherhood members:

"It was a mistake to entrust the handling of financial affairs of the magnitude of yours to any one but the best talent that money could buy. You wouldn't want to ride behind an engineer who learned his railroading in a bank and for the same reason you shouldn't trust your savings to men who got their financial training on a locomotive."

That, it seems, fairly states the case of the Brotherhood in business. But the story is interesting, and can be told, now that the unscrambling is going along so well.

Warren Sanford Stone was appointed grand chief of the Brotherhood of Locomotive Engineers in July, 1903. He stepped down from a Rock Island cab to assume leadership of the organization in which he had for some time



Stone and some of his associates built the six-story Park Lane Villa apartment hotel. In four years its losses were estimated at \$360,000



The Brotherhood's holdings included this \$6,600,000 bank building and —

taken great interest and an active part.

For 13 years or so the history of the Brotherhood and its leader was much like the history of other labor movements and other labor leaders. Wage battles were fought and won. In 1908 the Brotherhood decided to build its own office building in Cleveland, but many organizations owned their own buildings. The building was completed in 1910. In the 1915 convention a resolution was adopted authorizing a Brotherhood bank. But nothing was done except to put the resolution on the records.

Won fame in labor battles

STONE'S campaign in 1916 for the eight-hour day, which resulted in the adoption of the Adamson law, was really the first thing which attracted international attention toward him, and that was a labor battle pure and simple, differing from previous labor battles only in that it was taken, in the stress of war times, into politics and results accomplished by congressional action rather than by agreement.

The war, with its wage increases on

one hand and mounting cost of living on the other, seems to have given Warren S. Stone a different view of what had been his life work. He apparently felt that much could be done for the Brotherhood beyond mere leadership in labor battles.

Stone seems to have come out of the war with two absorbing ideas—one political and the other economic. The political idea was promptly expressed in

«It was a mistake to entrust the handling of financial affairs of the magnitude of yours to any one but the best talent that money could buy,» Stanton Ennes, manager of the Brotherhood's Florida real estate venture, told the members. «You wouldn't want to ride behind an engineer who learned his railroading in a bank and for the same reason you shouldn't trust your savings to men who got their financial training on a locomotive»



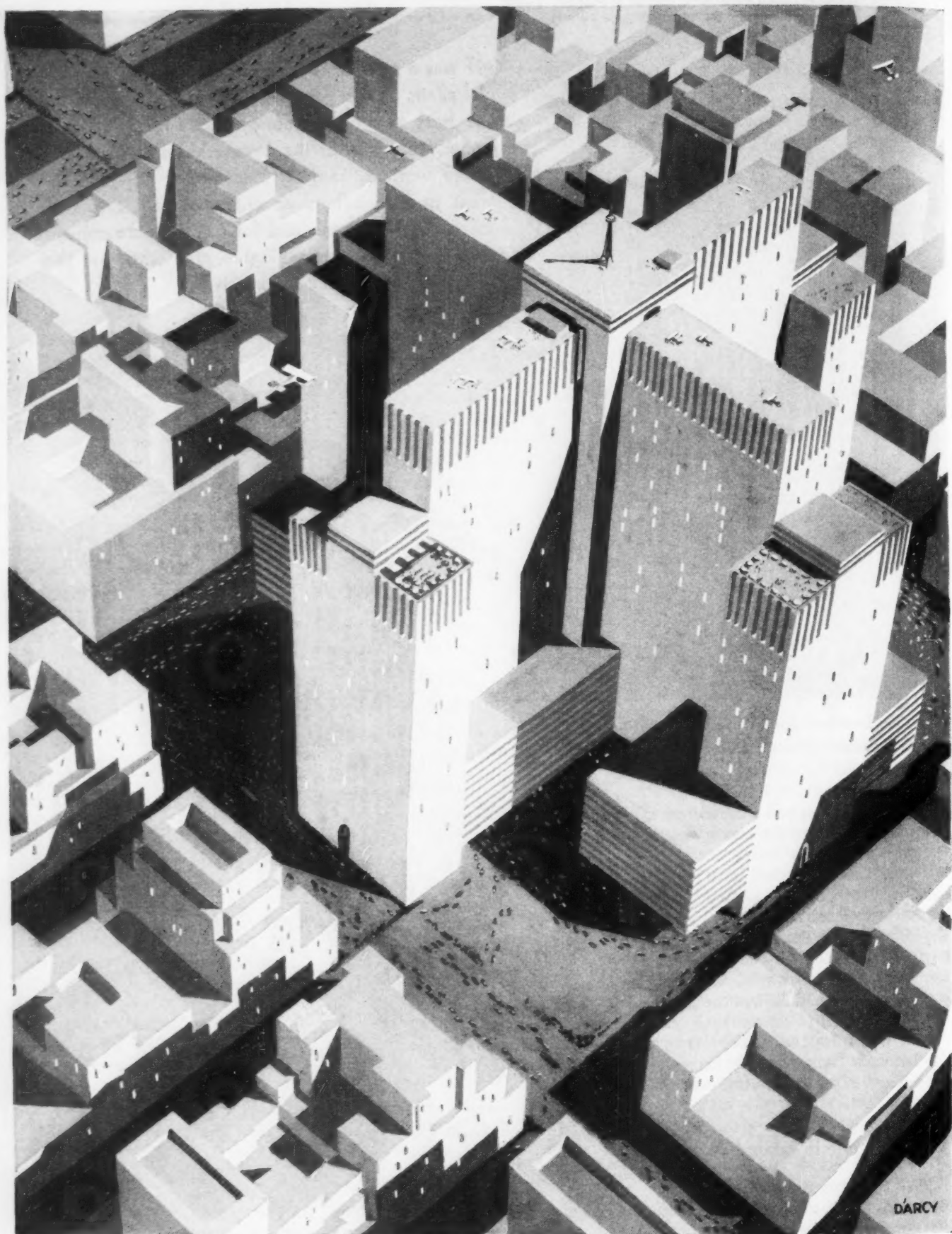
HORYDCZAK

—its original office building. This latter structure, built in 1910, embodied the first venture into business

the Plumb plan for government ownership and employe operation of the railroads. Glenn Plumb, the labor economist, drafted this plan and it bore his name, but the idea was Stone's and he was head and front of the movement for its adoption.

The economic idea was nebulous at first. Cooperative marketing was undoubtedly its basis, because it was in

(Continued on page 114)



THE unit building of the future, covering three blocks of ground space, will house a whole industry and its auxiliary businesses. Only elevator shafts and stairways reach street level. The first ten floors house stores, theaters and clubs. Above them is the industry to which the building is devoted. Workers live on the upper floors



★ A pile of coal, afire at the top—that is the symbolism of this building Mr. Hood designed for the American Radiator Co. in New York

EWING
GALLOWAY, N. Y.

A City Under a Single Roof

By Raymond M. Hood

President, New York Architectural League

As told to F. S. Tisdale

★ The growth of cities is getting beyond control. Skyscrapers create congestion. Subways are built resulting in more skyscrapers and so on up an ascending spiral. Where will it end? Here is the answer of the man who designed the Chicago Tribune building

THE TRAVELER in Italy gazes in wonder at the works of the Renaissance. He is moved to deplore what he considers the shortcomings of his own period as he studies magnificent buildings adorned by the paintings and sculptures of the immortals.

What a pity there are no such artists in our day! How colorless and commonplace our lives seem beside the vivid romance of the sixteenth century!

This man is too close to the twentieth century to see what is happening. The

truth is that he is in the midst of a Renaissance compared to which other upheavals in art are local phenomena. To reach Italy the traveler traversed the ocean in a palace which compared favorably to those of Florence and which was able to travel 30 miles an hour.

Perhaps he realized man's age-old dream of flight by crossing the Channel in an airplane. If he was worried by his business in New York he went to a telephone and talked with his partner, 4,000 miles away.

Instead of being the property of a

few rich lords, our awakening is devoted to all humanity. It does not center its forces on the creation of so-called works of art which give pleasure only to the eye; it directs its energies toward the intimate things of everyday life which perform our heavy labors and serve our convenience. Instead of being at the mercy of mercurial Borgias or Medicis, the modern artisan is directed by business scientists who, by means of mass production, are bringing hitherto unheard-of luxuries within the reach of common men.

Art and beauty are no longer confined to some pretty object to be hung on a wall or installed in a museum. They are now woven into the construction and design of the things we use and live with. You find beauty in kitchen accessories, in motor cars, fountain pens, office desks, grain elevators, factory buildings, locomotives.

While the sweep of this Renaissance is world-wide, its most spectacular phases

are to be found in the United States and particularly in New York City. As a nation we are too busy with our own part in the work to get a perspective on what is taking place about us.

Visitors from Europe view New York with more astonishment than any American tourist could possibly feel in "doing" Rome.

Acute growing pains

SINCE the cultural and industrial power of the nation pours into New York, that city suffers a constant agony of growth. Buildings that once were pointed to as marvels are torn down—dissolve before our eyes to be replaced by loftier towers. The streets are ripped up while four-track subterranean railways are installed. Tubes carry traffic under the rivers and great bridges are thrown across the water channels.

It is no wonder that such swift and powerful growth gets beyond control. Problems multiply themselves. Skyscrapers created congestion; there was

the subways: they now anticipate them. As soon as real estate operators learned there was to be a subway along Eighth Avenue land values in the vicinity leaped skyward. While subway engineers were digging under the street, other engineers were sinking building foundations alongside. The race has been won by the building constructors. The subway is still a long way from completion but rows of tall buildings have grown up along the route, many of them already occupied.

Both the above factors aggravate conditions on the street level. Vaster hordes of pedestrians jostle each other on the side walks; motor traffic freezes more frequently into hopeless solidity.

Intolerable conditions bring about cures. New York has been experimenting in the right direction.

The tendency is toward related communities within the city—communities whose activities are confined within certain areas, whose traffic does not need to travel distant streets to collect supplies or deliver orders.

are in buildings connected directly with the terminal. They lunch in clubs or hotels which can be reached by convenient tunnels. It is possible for these men to go to work every day for weeks without once venturing onto the crowded streets.

The Garment Center is another example. This is a district along Seventh Avenue and neighboring streets devoted to the clothing industry. Furriers, cloth manufacturers, tailoring establishments—all are gravitating to this area where long street hauls are unnecessary and where the traffic is confined largely to related thoroughfares.

About the Pennsylvania Station another community has been formed. Plans for the New Metropolitan Opera center at Fifth Avenue and Fiftieth Street are now being worked out. The new Medical Center on Riverside Drive is built on this principle.

A smaller but even more exact expression of the idea can be found in the Architects' Building, where the advantages of gathering together a whole industry are evident. Here, under one roof, are assembled the various elements of the building business—architects, contractors, material dealers and even professional clubs. Only hotels and apartments are lacking to make it a complete city within a city.

Save time and rush

IT seems to me that the salvation of New York depends on the wider application of this principle. Every business man in the city must at some time have realized what an advantage it would be to live in the building where his office is located. It is toward this ideal that real estate firms and architects should work.

Whole industries should be united into interdependent developments with clubs, hotels, stores, apartments and even theaters. Such an arrangement would make possible great economies in time, as well as diminish

wear and tear on human nerves. An average office working day is seven hours, and of this many persons spend from one and a half to two and a half hours on the street. These persons add a further incumbrance to an already difficult

(Continued on page 206)



Every morning pours thousands of hurrying workers into our business sections, each evening dumps them out. Every year more thousands are added to the crush. Raymond Hood's unified city would end this wasteful turmoil

a great outcry for subways. Instead of easing the jam of traffic, the subways produced more tall buildings. These in turn demand more subways and so on in a vicious ascending spiral whose end no man can foresee.

Big buildings do not merely follow

The Grand Central Station is one example. I know men with offices in this section who add nothing to the city's traffic problem. They come in daily from homes along the New York Central or the New York, New Haven and Hartford Railroads. Their offices

Your Job—after the Merger

By JAMES H. COLLINS

CARTOONS BY DUNN

NOW, let us be thankful! For we have nothing to do with the theory of mergers.

Are they good? Are they bad? We should worry. All we have to do is follow up a little while after they are formed, and see what they do to people.

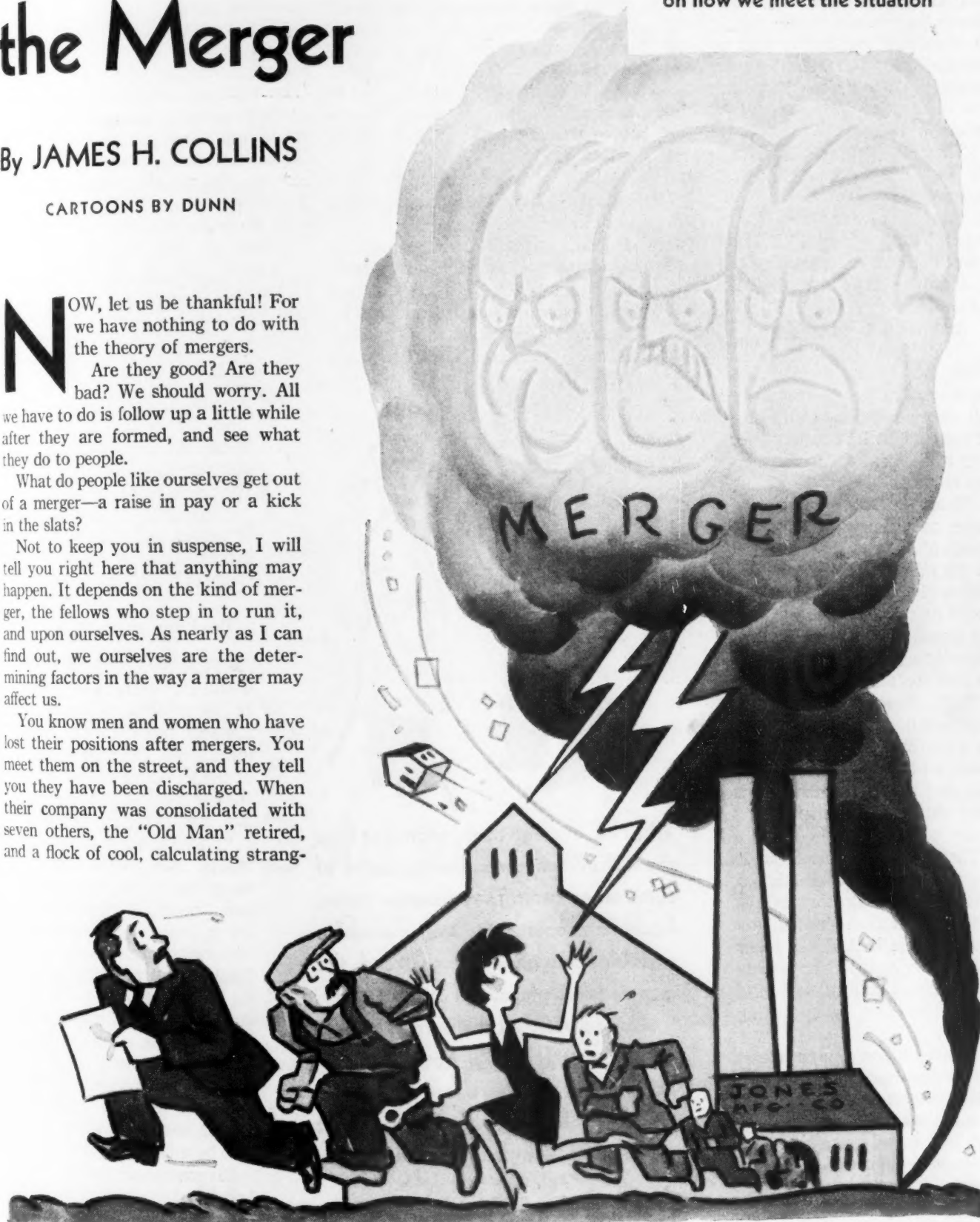
What do people like ourselves get out of a merger—a raise in pay or a kick in the slats?

Not to keep you in suspense, I will tell you right here that anything may happen. It depends on the kind of merger, the fellows who step in to run it, and upon ourselves. As nearly as I can find out, we ourselves are the determining factors in the way a merger may affect us.

You know men and women who have lost their positions after mergers. You meet them on the street, and they tell you they have been discharged. When their company was consolidated with seven others, the "Old Man" retired, and a flock of cool, calculating strang-

- WE come down to office or shop some morning and find a buzz of talk. The business is being taken over—a big merger's on.

What's going to happen to us and our jobs? Will we get a raise or a blue envelope? It depends on how we meet the situation



Any business eventually needs a housecleaning, and sometimes it comes in the shape of a merger

ers, representing the bankers, went through the figures.

"How much does that man draw?" they asked. "Too much! Let him go."

And on Saturday came the blue envelope.

In theory and practice

I HAPPEN to know something of the inside happenings in one merger since it was put together a year ago by *entrepreneurs* who welded a number of properties into a single corporation, on the assumption that overhead expenses would be reduced.

They were right about this, but wrong in the way they went about attaining lower operating costs.

"We have three advertising managers," they reasoned, "inherited from three different concerns. One can do all that work. All we have to do is get rid of two."

And so on down the line.

But they did not wait to find out which advertising manager was most capable. Nor did they study all three advertising men to see if they might be developed for any of the new positions a merger creates.

Theoretically, when you find three advertising men on your hands after a merger, it is logical to get rid of two. Actually, you will need a new type of manager to get cost figures on some activity created by the merger, and one of your advertising men may be just the fellow for that.

Well, these executives who first took hold scared everybody by a few hasty discharges. As a result all three advertising men quit and two of them started a rival enterprise which is doing pretty well.

The human experience brought together in that consolidation was allowed to leak away in three months, and then the first executives were fired. Today a new crowd is trying to lure back some of the experienced men because the corporation isn't making money.

When various going concerns are merged into a new company the investors in that company are critical of management. If the first crowd doesn't show results, it is eliminated.

So, if a person has been "separated" in that kind of merger, it may be some comfort for him to know that, in firing him, the

first executives were virtually firing themselves.

However, when you meet a fellow who has been let out, after a merger, and hear his denunciation of Big Business, it is well to remember that you are hearing only one side of the case. Maybe his old employer would have discharged him anyway.

Even when drastic changes follow consolidation, many more people are kept than are dropped, and eventually many are promoted and find themselves doing more interesting work. In addition, we know that successful business consolidations always employ more people.

What do you say to the merger as a method of discovering the buried human ability in business?

Nobody as far as I know has ever given this as a reason for consolidating a lot of competing concerns. Yet that was the reason instantly given me by a corporation executive who has been combining business concerns since the

days of the "trusts" and who last year merged two large banks.

"Of course mergers eliminate people!" he said. "That is the grand thing about them. They give the boss a chance to look over his organization, find out what everybody really does, drop those who should have been dropped long ago, and promote others who have been doing the actual work."

"For every employe dropped, or demoted, at least two others get promoted. If men and women in organizations that are merged will regard the operation as creating opportunities that would never have come to them under the old conditions, they will enjoy the merger, and get something out of it. Also, they will be helping accomplish what the merger was planned to do."

This executive is a banker.

In a few pungent sentences he paid his respects to banking and to business generally. He said that as a business grows it accumulates human lumber, and pet ideas that are equally encum-

bering. When men are young, ambitious, and poor, he continued, they will work to get ahead. As success comes, they cultivate their vanities, put their prejudices into their policies.

Eventually a housecleaning is needed, and nowadays, as he expressed it, it comes in the shape of a merger.

Banking entanglements

AS FOR banking, he said, that is still an "antisocial" business. It has made some headway in the past dozen years in putting its abstract financial principles at the service of the public, but the big changes and opportunities in banking are still ahead.

"Banking has a dignity that makes men value precedents more than in other lines of business," he said. "Titles and seniority in promotion become more important, as men put on years. Banking has not half begun to do its job of finding out what it can do for people. The Old Man heading a bank organization finds himself up against precedent and priority when he wants to bring in some high-caliber youngster who can get new business on aggressive lines."

"It is necessary to move everybody in line for promotion in some way, one fellow getting a new title, another an increase

(Continued on page 218)

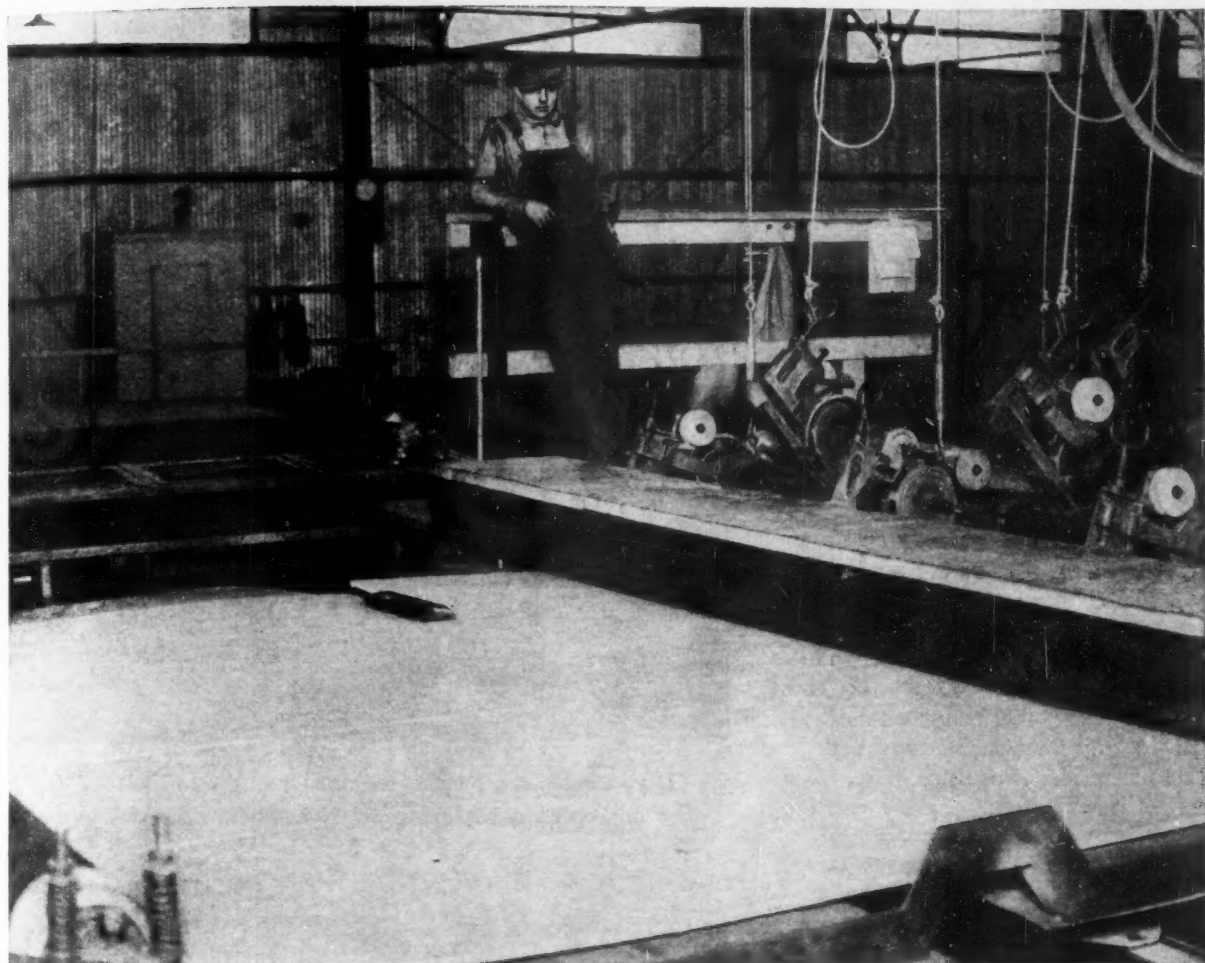


«IN THE average bank, sooner or later the Old Man meets the executive of some other bank. They compare notes, figure the economies that would be possible through a merger, and the merger takes place.

«Immediately all the precedents are gone! Every fellow in both organizations begins thinking about holding his job. To hold it, he knows, he must make good. Anything may happen»



Business is finding that there can be no monopoly on prosperity. He profits most who runs his business so that the other fellow also makes a profit



Mechanical devices such as this "duck," which cuts the board, figured in Mr. Dahlberg's success—but more important than these were the policies he followed

There's Gold in the Golden Rule

By B. G. DAHLBERG

President, Celotex Company

WHETHER he knows it or not, and regardless of his desire in the matter, every manufacturer, to be permanently successful, must contribute to the profit and welfare of everyone who has anything to do with the production and distribution of his merchandise. This, I am convinced, is a principle as irrevocable as the law of gravitation.

Too frequently in our present national

distribution, we see the disastrous results of violation of this principle. Manufacturers who attempt to reduce expenses or make more money by hedging the other fellow's profits, soon find a lot of costly problems on their hands.

The profitless circle

WHOLESALEERS retaliate, and retailers organize to meet the new competition. Everywhere we see one factor or

group attempting to take advantage of another in the same or a related industry, and it cannot be done with permanently profitable success to any one.

Whatever success my company has achieved is due to the fact that we have realized the necessity of aiding the producers of our raw material, our distributors, the users of our product, and even our competitors. In 1921, our first year, we produced about 500,000 feet of a

(Continued on page 101)

Ships, Sentiment and the

IN THE years before the great war there was a phrase much in use among British seafaring men, to express their general sentiments when a ship turned out to be uncongenial. "Well," we would say, as we packed a sea bag and unscrewed the family portraits from the cabin bulk-heads, "there are more ships than parish churches."

Meaning not only that a man was not married to any particular ship, but that there were plenty of ships.

Whether it was literally true I can not say. I never discovered how many parish churches there were in the British Isles. But I do know that in those toilsome, happy days we had 10,000 ships at sea.

Not only was this vast fleet of liners and freighters plowing the waters of the world, but in the yards of Tyne and Clyde scores of vessels were sliding down the ways every year to sail under foreign flags. The fleets of the Hamburg-American Line, of the Japanese companies and the Italian Rubattino were made up of ships built in Britain. Ship-building was one of the country's major industries.

Men grew up in an atmosphere of building ships, managing ships and sailing on them. Whole communities drew their livelihood from ships. Whole families of brothers went to sea. Whole families of sisters married shipmasters or men who became shipmasters.

As an example, not particularly unusual, I had a father and five uncles commanding ships



These men had no tradition of the sea



"If you go to sea, stop at sea until you get to the top," was the advice of a seafaring relative when I started out

and four cousins were at sea when I started. We began at the bottom and worked up. We proceeded on the principle enunciated by one of my relatives, the first piece of advice he favored me with:

"If you go to sea, stop at sea till you get to the top."

The other piece of advice was characteristic of the man and his profession.

"When you go aboard of that ship," he said, when I stood in his office ready to start my sea career, "take your place—and keep it."

The object of these reminiscences is to provide a background upon which may be projected some remarks concerning the United States Merchant Marine. I have served in that marine during a confusing and chaotic period of its history, and one of the principal difficulties encountered by those concerned in building up an adequate merchant fleet

was the apathy of the public. Another was the lack of a native seafaring community from which to draw the right kind of men. In the year after the armistice an American ship often had on board a dozen nationalities without a single native-born American. On one occasion, leaving a Central American port, we did achieve a genuine American. We found a stowaway who had been born in Boston!

They did not like the sea

NOW why was this? American wages were the highest in the world. Accommodation and food were up to the standard of any other service. Overtime was paid so scandalously that junior engineers earned more than the chief.

Yet Americans did not go to sea. I was one of the alien-born who stuck to the job in those days and I tried to formulate some theory that would account for the lack of interest.

We used to say we would give the young Americans who came to us two trips—one to see what seagoing was like and one to get sick of it. It became

Balance Sheet

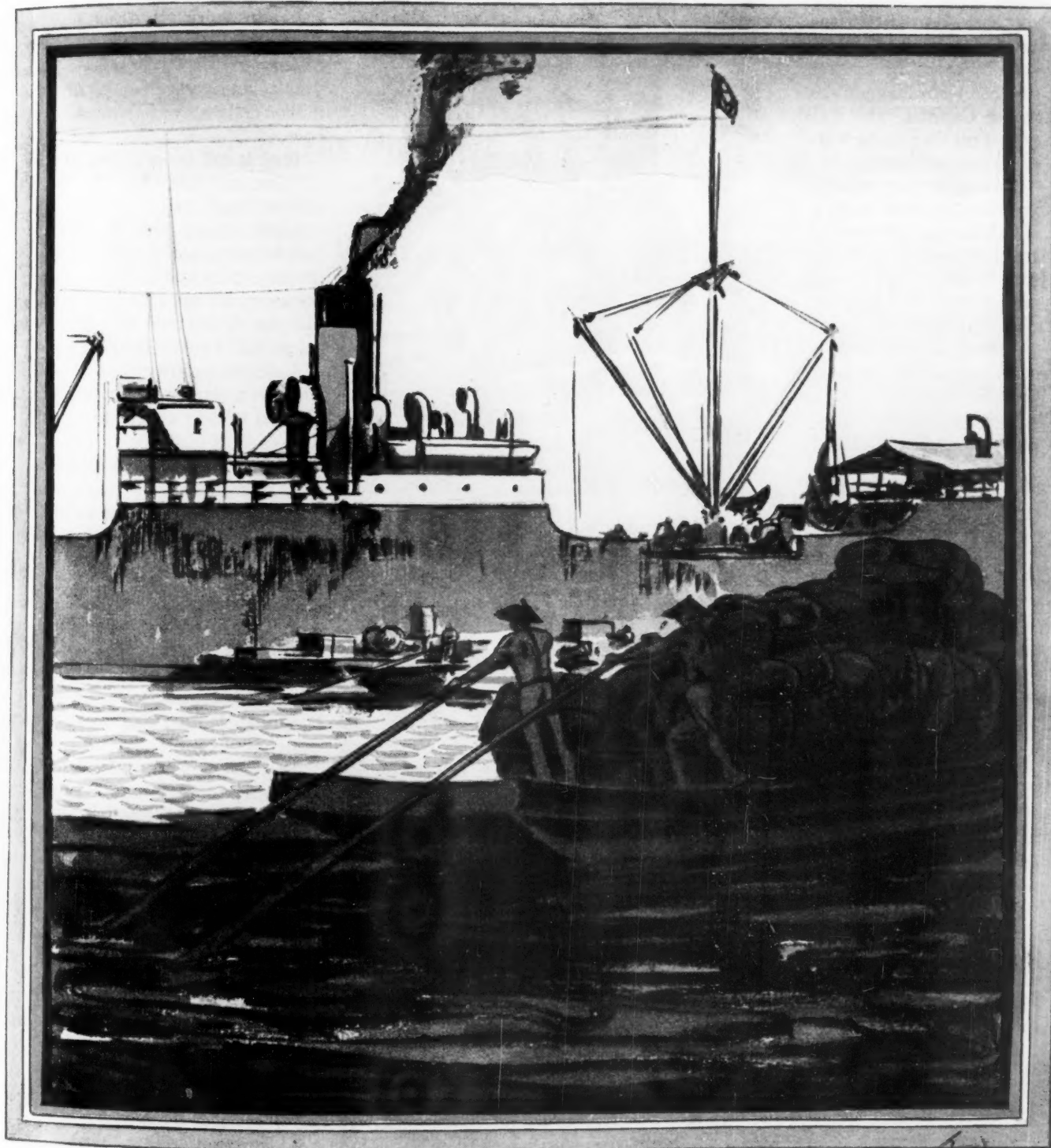
By WILLIAM McFEE

Author of "Casuals of the Seas," "Swallowing the Anchor"

ILLUSTRATIONS BY EDWARD A. WILSON



IN this article a seafaring man of long experience says America cannot operate a merchant marine and tells his reasons why. His views are those of an honest critic. Nation's Business publishes them believing that it profits us to be open-minded even though we don't always agree



When you see a liner hurrying across the world stopping at places you never heard of, you may know the trade she brings is the result of a generation of diplomacy

a regular thing for the new hand to come in and say, "Well, I shan't be signing next voyage, chief. I've got a position ashore."

Or, "I can't sail again, chief, my wife wants me at home." This after a 25 day run in a mail steamer!

The reason, I decided, was this—these men had no tradition of the sea behind them.

It was all very well to talk of the famous New England shipping of the past; but that had died out before these men were born, before their fathers had reached these shores. Soon after the war started, I was down in New Orleans, first assistant of a mail steamer. One of my juniors was a German, who had served his time in the Vulcan yards at Stettin.

He was the sort of man you could depend on in a smash, the sort of man you could depend on to save a smash. His country and mine were at war; but that made no difference to us on board ship. He kept a good watch. He had been through the mill.

When the ship changed to the United States flag he left. We got a man in his place who claimed to be a machinist. He had been tightening Bolt Thirty-Six in the Ford Plant. Beyond that he was a total loss.

There was, you see, no tradition in the sense that there is a tradition in the telephone service, in the railroads, or the newspapers.

Landlubbers went to sea

THERE HAD been few ships, mostly in the coastwise service, and there had been no attempt to foster the spirit of pride in the cloth. The sudden expansion during the war had flung out upon the waters a swarm of landlubbers who later withdrew to shore pursuits as fast as we could replace them. One of the urgent needs of the American Merchant Marine is the gradual building up of a genuine *personnel*, who love the life even if it does not bring large financial rewards. Men with what we call "good principle." Even now not more than 30 per cent of the crews of American ships are American citizens.

Public apathy is a more difficult and troubling phenomenon. It may seem

strange to assert that the public is indifferent to ships, when ships are in the New York headlines every day. But there is a difference between headlines and steamship lines.

The public doesn't know

SHIPS are not run to make headlines but to make money. One reads that the passengers of a great steamer were "disappointed" because her speed was cut from 27 to 26 knots. I wonder whether



The wind-blown argosies of the past rifled the Indies of precious stones, silks, spices

those passengers comprehended how many tons of fuel that extra knot cost and whether they understood the futility of driving a great ship full out for four and a half days, only to reach a port like New York, where the harbor regulations are a hundred years out of date and a ship has to lie until seven o'clock in the morning because the officials don't work at night!

This is what is meant when we say that Americans, officially and as citizens, have not ship-mindedness. Every technical seaman laughed when the *Leviathan* made a "record" of 28 knots coming up from Havana when she was first put into commission. The public swallowed the hokum because it did not know the gulf stream gave her at least three and a half knots.

Mention of the *Leviathan* naturally raises the question of publicity. As a seafaring man there has never been any doubt in my mind that the wrong

type of men were at the helm in past years.

High-powered salesmanship and aggressive advertising are at a disadvantage in the shipping business.

It is a complicated business and neither begins nor ends in the ship herself. The popular notion after the war, when it was proposed to "sell" the merchant marine idea to the public, was that the Shipping Board merely had to run a lot of ships all over the oceans and an immense foreign trade would result.

We had the amazing spectacle of a ship lying for days in a port to pick up a few dollars' worth of coffee or hides. We had the equally amazing spectacle of the *Leviathan* being run year after year at an average annual deficit of a million dollars, which the taxpayers have covered.

That is not the way foreign trade is acquired and held. Granted that a magnificent vessel like the *Bremen* has advertising value, figure out the cost in fuel and wages of keeping 46,000 tons moving at 29 knots. I don't know her consumption, but I do know that a ship like the *Mauretania* has, at 25 knots, a fuel bill of some \$12,000 a day.

A ship is a carrier of freight. She has to show a profit or go out of business. She has to have connections.

Must have goods to move

WHEN you see a Blue Funnel liner or an Elder-Dempster liner or a Hamburg Amerika liner hurrying to and fro across the world, calling at places you have never heard of, up distant African and Chinese rivers, she is merely connecting a trading house out there with the home market. The trade she brings has been the result of a generation of careful diplomacy and sound business principles.

In the years after the armistice, American business men threw away foreign business with both hands. American ships were inefficiently manned; stowage plans were lost or ignored, and a ship would arrive at Genoa to discover that cargo for Lisbon had been left aboard by error.

On one occasion I had a passenger at my table, a German merchant from Guatemala. I asked him if he were coming to New York for pleasure. He said he had placed an order for factory machinery with an American firm but had received no reply. He had come to see if he could get delivery.

Much harm came to American trade during those mad days. There were
(Continued on page 164)

★ TWO billion American dollars are being loaned to foreign governments and peoples every year. Perhaps you have contributed to that sum through the purchase of Argentine bonds or of South African mining stock. Or perhaps, as a manufacturer, you question the effect of this export of capital upon American markets and industry. What is the real significance of this foreign borrowing? Is there a limit to the loans we should make?

How Much Can We Lend Abroad?

By Dr. MAX WINKLER

Vice President, Bertron, Griscom & Co., Inc.

AFTER the Napoleonic Wars, London became the international financial center par excellence—a position previously held by Amsterdam. As a result of the World War, the center was transferred from the banks of the Thames to the banks of the Hudson. The United States which, before the war, had been indebted to the rest of the world to the extent of between four billion and five billion dollars, became a creditor nation, with the rest of the world owing us more than 15 billion dollars. If we add so-called intergovernmental obligations, we obtain a total of approximately 26 billion dollars.

In 1914, the number of foreign government and municipal obligations barely exceeded a dozen, including an Argentine issue, three Japanese loans, a Chinese loan, a City of Frankfurt loan, a few Mexican issues and a Russian loan rarely dealt in. The total annual turnover of foreign securities on the Exchange aggregated \$3,500,000.

What a change has been wrought within a relatively short period of a decade and a half! Instead of 12 foreign issues traded in on the Stock Exchange, there are now several times that many. Instead of an annual turnover of \$3,500,000, today's turnover is at the rate of about one billion dollars a year. Our dollars are in demand everywhere and there seems no discrimination anywhere against them, even though there may be certain prejudices against our nationals.

We lend money to governments, states and municipalities in practically every part of the world. We underwrite issues



EWING GALLOWAY, N. Y.

Distance is no longer a handicap in financing and American dollars are as well known on the Paris Bourse as at home

in behalf of railroad, public utility and industrial enterprises in Canada.

We finance machinery companies in Germany, Denmark and Czechoslovakia; steel companies in Germany and Luxemburg, Bulgaria and Roumania; plantation companies in the Dutch East Indies; oil companies in Australia, Peru, Jugoslavia and the Dutch East Indies; banks and financial institutions in Austria and Germany, Holland and Hungary, Denmark and Finland, Colombia and Austria; hydro-electric companies in Germany and Italy, Norway and Japan; railways in Belgium and Argentina, Chile and Colombia; department stores in Germany and Great Britain; rubber and mining concerns in Brazil; textile companies in Germany; automobile concerns in France and Italy.

We acquire telephone concerns in Austria and Brazil, Chile and Uruguay; land in Panama and Guatemala. We obtain oil concessions in Colombia and Venezuela, and rubber concessions in Brazil and Liberia.

International money

WE FINANCE steamship companies in Great Britain and France, Germany, and Italy; sugar companies in Mexico, and even lend money to banks in Iceland. American capital is obtained by the nitrate producers of Chile, the coffee growers of Sao Paulo, the tobacco raisers of Colombia.

Today we are trading in rubber and are dealing in tin. Kaffirs and Dunlops are no longer mysteries to the American investing public. We purchase shares of the Bank of Abyssinia and send funds to Zanzibar. Distance is no longer a handicap. We transact business on Change Alley; the Berlin Boerse; the Paris Bourse, the Madrid Bolsa and the Amsterdam Beurs with as little inconvenience as we execute orders on the New York Stock Exchange.

We no longer view with apprehension anything that is foreign. We buy from all and we sell to all if we find it advantageous.

At one time we finance the Allied Powers enabling them to defeat the Central European nations; at another, we finance Central Europe and materi-

ally aid in its recovery. To be sure, there are those who question our sincerity, pointing out that "America first destroys or helps destroy, and then reconstructs; and for the one as well as for the other transaction there is a handsome commission."

Granted, however, that our foreign

even to attempt the stabilization of her currency, had she been unable to count on American assistance?

Is it not we who have hastened the recovery of Japan from the disastrous earthquake in 1923? Have we not aided Australia and the Dutch East Indies? Our aid is given to whoever demands it, whether Saxon or Latin, Mongol or Slav.

To be sure, we demand security and commission, and we shall always demand them. Foreign investments will cease only with the cessation of these two considerations. As long as borrowers are able and willing to provide us with adequate security and reasonable profits, we shall continue to extend to them loans and credits.

Not overborrowed

THE saturation point is far from having been reached. The total debt of the world (exclusive of the United States) today, that is the outstanding obligations, both external and internal, of foreign governments, states and municipalities, aggregate 120 billion dollars.

The world as a whole cannot, therefore, be said to have overborrowed, and the United States with annual savings of about 20 billion dollars, and with an annual earned income of about 90 billion dollars is doubtless still in position to absorb more foreign loans.

When people discuss today the marked "decline" in the flotation of foreign issues, they fail to take into account the fact that large sums are being invested abroad without in-

volving the direct sale of foreign securities. They overlook, for example, the purchase by American interests of the Opel Automobile Works in Germany, the acquisition of Norwegian companies by Union Carbide, the purchase of foreign public utilities by Electric Bond & Share, the purchase of foreign telephone companies by International Telephone & Telegraph, the acquisition of shares by American interests in the South Anatolian Mining Co., and finally, the substantial purchases by our numerous investment companies of foreign internal security issues, both stocks and bonds.

As to the future, I am not inclined
(Continued on page 159)



INTERNATIONAL TELEPHONE AND TELEGRAPH CORP.

American money went into this International Telephone & Telegraph building in Madrid

loans have not been prompted by purely altruistic motives—no nation, and no individual has ever done business on this motive—our loans have gone a long way toward rehabilitating a war-torn world.

Would Germany have staged the comeback she did without American aid? Is not the almost miraculous recovery of Austria from utmost chaos attributable to American financial assistance?

Would Hungary or Poland or Jugoslavia or Greece or Bulgaria have survived the economic and financial stress, had we chosen to stand aloof?

Would it have been possible for Italy

SINCE LAST WE MET



A Business Record September 10 to October 9

SEPTEMBER

- 10 • Canada's Radio Commission proposes a national broadcasting system, closing those now in existence and compensating the owners.

- 11 • The Stock Exchange reiterates its policy of not listing nonvoting common stocks and announces its intention "to scrutinize carefully" methods of declaring stock dividends.

The Journal of Commerce reports that "the amount of funds raised by investment trusts in this country to the present time aggregates in all about \$3,000,000,000. It is expected . . . that the funds raised by the trusts will aggregate \$5,000,000,000."

- 13 • Niagara-Hudson, a power system formed by J. P. Morgan & Company and others, buys the Frontier Corporation owning power sites on the St. Lawrence.

- 14 • The Department of Labor reports an increase in employment in August over July. The automotive industry, however, showed its first comparative loss in 21 months.

- 15 • Governor Roosevelt of New York declares that the Morgan acquisition of the Frontier Corporation makes it imperative that the State should develop St. Lawrence power.

- 16 • National Lead, Devoe and Raynolds and Pratt and Lambert are reported in a paint and varnish merger to which gossip adds the paint division of du Pont and the business of Benjamin Moore & Company. Dillon Read and Company, bankers.

Another merger announcement of the day. Bloomingdale Brothers of New York to join with William Filene's Sons and R. H. White of Boston, Abraham & Straus of Brooklyn and F. R. Lazarus' Company of Columbus. Their total annual sales have been \$106,000,000. Lehman Brothers the banking spirit.

- 17 • Thomas W. Lamont replies to Governor Roosevelt's challenge of Sept. 15 saying that Morgan & Company and Niagara-Hudson Power are quite willing to meet

SEPTEMBER

the State and prepare a plan for St. Lawrence power that shall be to everybody's advantage.

- 18 • The Marine Midland Corporation is organized in New York (to be chartered in Delaware) to acquire 16 New York State banks with total resources of more than \$500,000,000. A merger and an investment trust with some novel features.

L. F. Loree of the Delaware & Hudson, proposes a fifth eastern trunk line system to add to those already suggested by Chesapeake & Ohio, Pennsylvania, New York Central and Baltimore & Ohio. None of the proposers seems to like the plan of any other proposer.

- 19 • General Motors buys North East Electric of Rochester, N. Y. Significant in view of their previously announced alliance with Radio Corporation of America. General Motors has been making electric lighting plants and electric refrigerators.

National City Bank absorbs the Corn Exchange Bank of New York with its 68 branches. Resources nearly \$2,400,000,000 making it, says the New York Times, the largest bank in the world, the next four being the Midland, Lloyd's, Barclay's and Westminster of London. The most spectacular of a number of bank mergers announced this month.

- 21 • The American Institute of Steel Construction, after a two-year study, reports that a building 2,000 feet high is structurally possible but that the economic height is much less, being 63 stories where land values are \$200 a square foot and 75 for land values of \$400. (On Oct. 4 a 1,050 foot building was announced for Broadway and Forty-ninth Street. The City Bank Farmers Trust Building will be 925 feet and 71 stories high).

- 23 • The Federal Treasury holds out hope that tax cuts of \$200,000,000 to \$300,000,000 may be recommended to Congress in December.

- 24 • General Foods Corporation takes over the

SINCE LAST WE MET

SEPTEMBER

oyster business of the Northern Atlantic Oyster Farm, Inc., its first venture into perishable foods. Shipping frozen oysters seems part of its plan.

- 25 • Bank of England raises discount rate from 5.5 to 6.5 per cent, highest in eight years.

Two of the biggest German banks, Deutsche and Disconto Gesellschaft unite. "Rationalization" is the term used to describe the merger.

Federal Reserve Bank in its monthly review notes that while production of basic industries increased in August over July, the increase was less than usual.

The first phone call from United States to Australia.

Melvin A. Traylor of the First National Bank of Chicago, and Jackson E. Reynolds of First National of New York sail as representatives of the American financial world to discuss in Europe the proposed Bank of International Settlements.

The Engineering Foundation announces a committee to conduct research into iron alloys. Five years will be spent on preliminary work.

- 26 • Department of Labor reports that building permits for the first half of 1929 were slightly higher than for the first half of 1928. Based on 85 cities of 100,000 or more. Per capita expenditures of cities are in striking contrast. Yonkers, New York, led with \$122.64. Some cities are as low as \$100.

- 30 • McKesson & Robbins, wholesale drug house, announce that 18,000 retail drug stores have entered into a cooperative contract with them, and will be known as McKesson Service Stores. One hundred and thirty manufacturers of advertised goods have contracted for distribution of their products through the same outlets. A retailer-wholesaler answer to the chain.

The Metal Trades Department of the Federation of Labor asserts that American industries are establishing branches or buying plants in countries where they can get "huge pools of uneducated cheap docile servile labor."

J. H. Thomas, Minister of Unemployment, returns to England from Canada with a promise that Canada will buy more British steel and coal and Great Britain more Canadian wheat.

OCTOBER

- 1 • Cuba Cane Sugar Corporation goes into a receivership. The petition for a receiver stresses "the very low price obtained by the company for its product."

The New York Times table of changes in market values of stocks from August 31 to September 30 shows a decline in 240 listed stocks of \$2,814,255,346. The increase from July 31 to August 31 had been \$4,465,381,600. (An early October decline in Stock Exchange prices was followed by a recovery.)

- 2 • The biggest airship R-101 is shown to the British public. Cost \$10,000,000, is a little shorter but much bigger in diameter and holds a third more gas than the Graf Zeppelin. All accommodations including smoking-room and dance floor are inside the envelope.

Makers, sellers and users of paper meet in Washington to set up standards of paper. Strength, durability, color and appearance are to be considered.

- 5 • Cigaret price war ends. Luckies, Camels, Chesterfields and Piedmonts will be advanced 40 cents a thousand and the manufacturers hope retailers will do away with the two for a quarter price and stick to 15 cents straight.

- 7 • Class I railroads earned in the first 8 months of this year \$827,734,976, an increase of 20.6 per cent over the same period in 1928. Revenues increased in that period 5.6 per cent and expenses 2.1 per cent.

Mr. Hoover says through Secretary Aker-son that Mr. Mellon will remain in the Cabinet for the next three and one-half years.

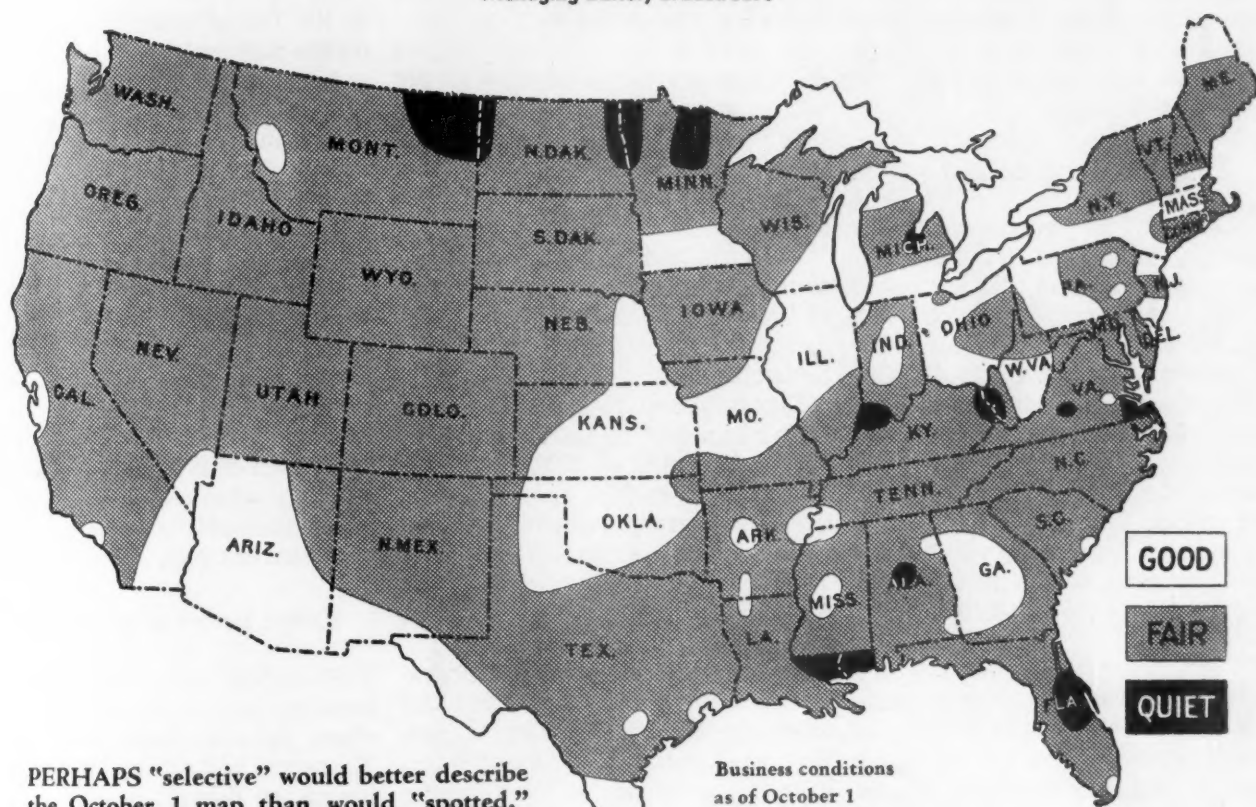
- 8 • Robert W. Woodruff, president of Coca Cola Company, chosen to succeed Walter White as president of the White Motor Company. Mr. Woodruff had been a vice president of the White Motor Company and will now undertake to manage the two.

- 9 • L. A. Miller, president of Willys-Overland, warns the automotive industry of the danger in constantly increasing production schedules and says of his own company, "This year we will produce in the neighborhood of 300,000 cars. We do not plan to increase this total next year." The *Iron Age* notes a decline in the demand by automotive companies for steel.

The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's

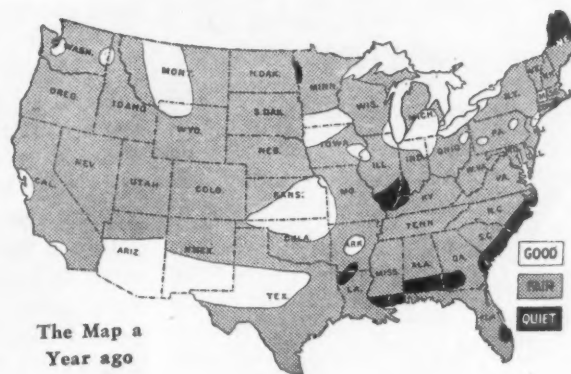
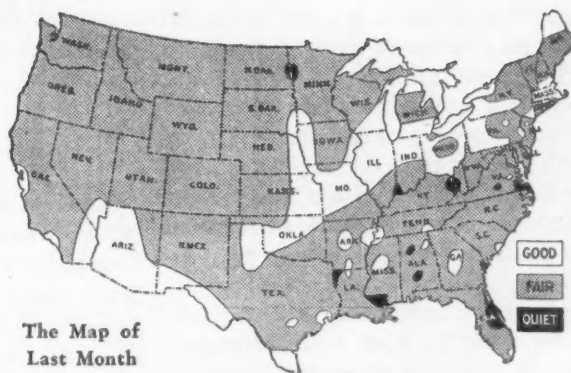


PERHAPS "selective" would better describe the October 1 map than would "spotted," this notwithstanding the fact that on the face of it, the map is spotted. Very few declines from a year ago are shown outside the sections of the Northwest and Southeast, where crop yields are deficient. The fact is that the "yard stick" was lengthened in the fall of 1928 and some of this year's results merely lose by comparison

THE hitherto harmonious trade and industrial orchestra has sounded a few seemingly discordant notes in recent months and weeks. From this have developed some fears, and numerous predictions, that a reorganization of the entire band is pending. Although I do not share many of the fears and refuse to indulge in any predictions, it might be well to sketch briefly some of the happenings that have led up to the division of minds now visible.

It will be remembered that some of the heavier industries showed a let-down or a failure to advance a month or more ago, coincident with a seasonal speeding up in some of the so-called lighter lines and signs that the usual fall expansion in distributive trade was at hand. The quieting in the heavier industries—notably iron, steel, automobiles and building—has apparently gone further but, except in building operations, all are still equal to or well ahead of a year ago and the weather has, generally speaking, favored fall buying, particularly in cities where employment in industry is still active and in country districts where higher prices have balanced shorter yields of leading crops.

In addition, some of the lighter industries catering especially to fall and winter trade speeded up slightly. Recent



events in the stock market, these based on realization that the slightly stiffer rates of money, especially time loans, were inconsistent with the maintenance of the top-heavy speculation in securities, have perhaps done more than any other thing to induce a spirit of introspection and concern as to the future, on the theory apparently that "the ticker tells the story."

Distribution normal

CONFINING the present review to the apparently visible facts of trade and industry, it would seem that September and the elapsed portion of October had seen wholesalers and retailers doing fully normal business. Chain distributors led at retail. Considering that there was one less Saturday than a year ago in September and one less day in August, department stores have maintained their hold on their customers. In both wholesale and retail trade, and in industry—these taken as a whole—more seems to have been done than in September a year ago.

As to October, it may be said that there is something like a longer yardstick to measure with than recently. In October a year ago, for instance, both trade and industry showed a distinct surge forward.

Hence from now on it would be natural to expect a possible reduction in or an absence of some of the gains hitherto shown this year. That 1929 will rank as a new record year in practically all lines seems certain.

The fact is that, despite the shading off shown in some of the heavy lines, the general showing even of these is and has been better than a year ago. Although pig iron, steel and naturally coke production touched their record peaks as far back as May and automobile manufacture even antedated this by a month, all reported larger totals in September than in the same month a year ago.

Crude petroleum, gasoline, shoes, silk and electricity reached record-breaking outputs in August while shipments of cement broke all records in the same month. Soft coal output in August was the largest since last winter. That of cotton manufacture was the lightest of the year, it is true, but this was in some degree affected by the character of the crop and its distribution. The leather, furniture and woolen goods trades made fairly good showings.

Building plans, it must be admitted, were the fewest in many months, while estimated values for the month and the nine months were the lightest for six

years past with natural repercussions on lumber, brick and other lines of materials.

On the other hand, factory employment in New York state rose in September and the country as a whole was well above last year during August.

As to retail trade, mail-order houses in September reported a gain of 4.9 per cent over August and of 24.1 per cent over September a year ago. Chain stores reported a decrease of 1.5 per cent from August but a gain of 19.5 per cent over September, 1928.

The combined mail-order and chain-store sales in September exceeded those of August by two-tenths of one per cent and were 20.8 per cent larger than in September a year ago.

Department stores reported a gain of 1.9 per cent over September last year. For nine months of 1929, mail-order house sales were 29.9 per cent, chain stores, 26.4 per cent and mail-order and chain sales combined were 27.2 per cent larger than last year. Department stores reported a gain of 2.9 per cent for eight months over 1928.

Foreign trade showed some irregularities in August which bid fair to be reflected also in the September returns. Because shipments of grain and perhaps cotton, as well as some lines of manufactured goods failed to equal earlier expectations, exports were only a fraction of one per cent ahead of 1928, whereas August imports were 8.7 per cent ahead of August, 1928.

Increases in foreign trade

FOR eight months exports gained 8.6 per cent over last year and were the largest since 1920. Eight months' imports gained 9.6 per cent over 1928 and were likewise the largest since 1920. Although large rubber and silk imports accounted for some of the gain, it is probable that arrivals to anticipate tariff changes pending in Congress account for a good deal of this increase.

The higher prices asked for our grain—these, by the way, are not as high as they were in July—have apparently retarded gains over last year for the fiscal year to date. Canadian exports have also been light.

In the meantime visible supplies of wheat in both countries are heavy, the Agricultural Department's survey reporting that the visible stocks in this country are the largest ever known.

In this regard it needs to be recalled that the largest visible supplies with the heaviest reductions in yield from 1928, have been recorded alike in Canada and the United States. Thus the

estimated reduction in world's yield this year from last is about 500 million bushels, according to the Agriculture Department. Contributing to this are estimated decreases of 273 million bushels in Canada and 116 million bushels in the United States, a total of 389 million bushels.

A small decrease of 19 million bushels in Europe is balanced by a gain of 25 million in Asia and Africa. Argentina and Australian estimates account for the rest of the world decrease.

The fact is that Europe's crop is little below the big yield of 1928 and Europe has apparently held off buying to see whether it could outwait North American holders. On this seems to depend the future of wheat prices, which, although far ahead of those ruling in late May and well ahead of a year ago, are not as high or as strong as they were in late July when crop movement began to add to already large supplies carried over from last year.

Crops better than expected

THE cotton, corn, oats, barley, hay, beans, peanuts, tobacco and bread spring wheat yields are larger than reported. The reason assignable is that the breaking of the drought in most areas in September aided new growth. However the yields at best, of most crops, cotton an exception, are short, both compared with last year and the ten-year average. The decrease may reach eight to ten per cent, on the average, from last year and six per cent from the ten-year yield.

An interesting feature in this connection is that, while higher prices may aid farmers, the lower tonnage offered does not tend to favor the railroads which are, however, still ahead of 1926, the last peak year in car loadings.

The price situation at the time of writing has some interesting sides. Wheat is nearly ten cents higher than a week ago while cotton is one-half cent lower. Wheat is well above a year ago.

In steel prices the quieting down of automobile production has revealed some weakening in sheets and wire goods, including nails. Most of the grains are above a year ago but cotton is lower.

Steel price indexes are the lowest since late winter but the heavier forms, such as rails and structural material which feel the recent and prospective heavy buying, are strong and active. The evidences that buying in most lines is highly selective tends to render generalization as to the outlook more than ordinarily difficult.



MODERN science is leading law into unfamiliar mazes these days, perhaps none of which have been so puzzling as that of radio broadcasting.

New problems are still arising and the story is still incomplete, but two distinct phases already present themselves in the legal history of radio. Mr. Caldwell's intimate contact with many of these developments enables him to write authoritatively on the complex situation



HARRIS AND EWING, WASHINGTON

LOUIS J. CALDWELL

Clearing the Ether's Traffic Jams

By LOUIS G. CALDWELL

Former General Counsel, Federal Radio Commission

RADIO, that prodigious young industry that exists by virtue of effective use of the ether waves, has given government and law no end of difficulty. Sprint as they will, legislators are having a strenuous chase in their efforts to keep abreast of the amazing science that makes yesterday's problem obsolete almost by the time a law can be passed to solve it. Nor is the end of radio's growing pains, legal along with scientific, in sight.

In beginning any discussion of the new field of radio law, it is well to dispose of two questions which, although entertaining material for academic or drawing-room discussion, are not likely to

attain the dignity of legal consideration.

"Who owns the ether?" is an interrogation not infrequently heard.

That puzzle, the ether

THE ether is not like the air, nor like water on the high seas. Both the air and the water may be said to be free, owned by neither nations nor individuals. Both are tangible substances, perceptible to the senses, and either can be reduced to possession and ownership. Liquid air in a bottle, for example, unquestionably is a suitable object for ownership.

But not so the ether. The ether has never been perceived by any of the five senses. No one has ever seen or bottled any. Its character is unknown, and a number of modern scientists deny its very existence.

If it does exist; it must be just as truly present in a perfect vacuum or in the densest solid as in the air, for it is all-pervading. It is not a substance, but a *scientific hypothesis*—a pure supposition which physicists find convenient in discussing light waves and radio waves.

Such an elusive commodity, obviously, cannot become property, and it is not worth while to debate title to it.

The other question might seem to

have a plausible basis, but it is just as impractical of application. It is whether we should apply to radio waves the good old rule of real estate law, that whoever owns a piece of real estate owns everything below the surface to the center of the earth and everything above the surface to the heavens.

In general, the law protects the property owner not only against trespass on the surface but also against undermining the soil and trespass above as by projecting eaves of adjoining buildings. The airplane seems likely to bring about some revision of the old rule, but in principle it will remain the same.

Manifestly, the rule cannot be applied to radio waves, even though they are bolder than human trespassers could possibly be, penetrating the walls of the home to the very fireside. No property owner regards them as trespassers so long as they bring him entertainment or instruction. He may resent the crackle of static caused by Nature and the diabolical noises caused by a nearby dentist's X-ray machine or a tramway or a power plant.

These are all "radio waves," though they carry no program, and if they are trespassers, they were violating the property owner's rights long before broadcasting was known. The property owner is not interested in being protected against trespass by radio waves; he is interested only in being protected against man-made interference, and such interference cannot be stopped by actions for trespass. It can be prevented or minimized only by government regulation.

Radio's legal background

ABOUT as good a way as any of obtaining a cursory but comprehensible view of some of the real problems of radio law is to examine its development historically.

From this point of view, the subject divides itself naturally into two periods, that from 1912 to February 23, 1927, when the Radio Act of 1912 was in force, and that from February 23, 1927, to the present, with the Radio Act of 1927 in force.

Looking at broadcasting alone, the first period might be described as "before the deluge," the second as "after the deluge." The deluge was "the breakdown of the law," lasting from July 9, 1926, to February 23, 1927.

In that time nearly 200 new broadcasting stations crowded onto channels already overcongested with about 550 stations. Existing stations "jumped" their waves and increased their power

BUSINESS FOLK IN



APPOINTED BY YOUNG

M. A. Traylor, Chicago banker, is named to subcommittee which is to draw statutes for the "world bank"



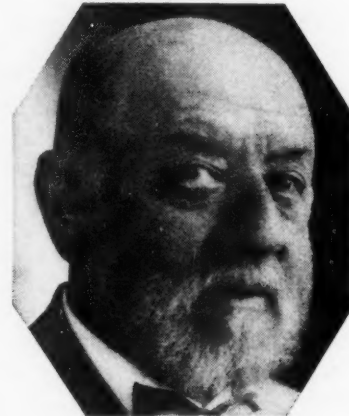
TO PLAN "WORLD BANK"

Jackson E. Reynolds, New York, is serving with Traylor as America's members of the "world bank" group



BIGGEST POLICY HOLDER

Pierre S. du Pont is the leading insurance buyer. His collection of policies reaches a \$7,000,000 total



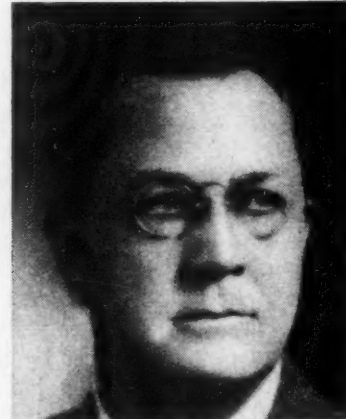
HE GIVES AGAIN

A third gift of \$25,000 has been made to the Palestine Emergency Fund by Nathan Straus, New York



TRUST DIRECTOR

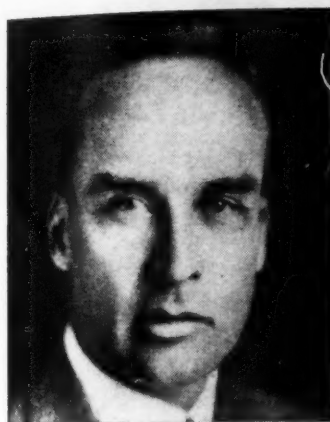
David E. Friday, economist, joins board of Reliance International Corp., large new investment trust



MINE HOST

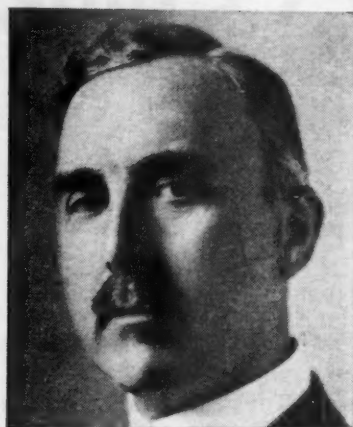
Taverner Lucius Boomer, as president of the New Waldorf Astoria, will direct the world's largest hotel

THE MONTH'S NEWS



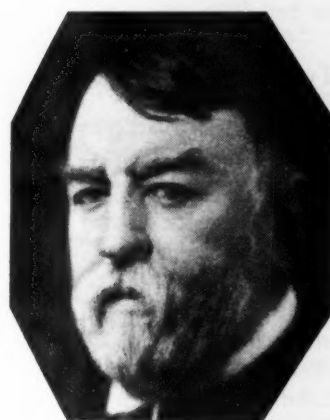
MID-WEST MERGER

A \$400,000,000 banking and trust firm, headed by Robert O. Lord, grows out of two Detroit banks



ENGINEER APPOINTEE

W. L. Cooper, engineer by trade, is appointed chief of the Bureau of Foreign and Domestic Commerce



PROJECTS EASTERN SYSTEM

Railroad circles got a jolt when L. F. Loree, Delaware and Hudson head, proposed a 17-line merger



RULES BIGGEST BANK

National City Bank, by a recent merger, becomes world's biggest. Charles E. Mitchell is president



HE BUYS A NAME

Publisher W. A. Strong, Chicago Daily News, buys name, circulation, good will of the Chicago Journal



BOSS OF THE BIG-TOPS

John Ringling, last of the seven Ringling brothers, buys out chief competitors in the circus world

at will; reception was practically ruined for the listening public, and anarchy reigned in the realm of radio.

The causes for this are revealed in the unfortunate turn which radio law had taken during the first period. The chief problems of radio law in the second period, so far as broadcasting stations are concerned, can be traced largely to the same tragedy.

The Radio Act of 1912 was a rather short statute. Although one section mentioned wireless telephony (as distinguished from wireless telegraphy), the whole statute was based on the assumption that radio for all time would consist of sending the dots and dashes from shore to ship, ship to ship, and ship to shore.

Shortcomings of the 1912 Act

IT DID NOT take into account the fact that radio channels are limited in number and that it might some day be necessary to reject a large proportion of applications for licenses. Instead, although it placed the administration of its provisions in the hands of the Department of Commerce, it gave that Department virtually no power to reject an application and no power at all to make regulations.

Broadcasting was introduced to the public in the fall of 1920, when the station that afterwards became KDKA sent out election returns and obtained an enthusiastic response. Stations increased rapidly in number until in the fall of 1925 there were 578.

Herbert Hoover, then secretary of commerce, urged Congress to enact an up-to-date radio law. The various branches of the radio industry joined him in his request. Indeed, in the period from 1923 to 1926, one house of Congress passed three radio statutes at successive sessions, only to have them die in the other house.

In the meantime, Mr. Hoover, ably assisted by Judge Stephen B. Davis, solicitor of the Department of Commerce, and W. D. Terrell, chief of the Department's radio division, was accomplishing wonders in the attempt to make the antiquated Radio Act of 1912 meet the exigencies caused by the rising tide of applications for new stations.

The Department could not reject an application for a station license from any citizen and had somehow to find a place for each applicant.

There were only 95 channels in that part of the ether devoted to broadcasting (the number has since been increased to 96 by the Federal Radio Com-

(Continued on page 123)

A Chinese Scholar

By KIANG KANG-HU

Professor, Nanking Government University
Lecturer at University of California



THE word "business" conveys the idea of being busy. To us Chinese scholars, and in fact to all Oriental philosophers, to be busy is distasteful. Why should we always be busy? What is it all for? Are we too busy to live? I think one can live much better without being busy, and I am sorry to see that there are many people in the world who are too busy to live.

Are we too busy to die? Death is forever awaiting us, and we do not have to speed its approach.

I can never understand or be accustomed to modern western life, especially the American business man's life. Every one is busy every moment—hurry, rush, push, pull and struggle. It amuses me to observe all this going on. But, thanks be to God, I myself am not in the center of it, and so I can have time to observe and be amused. I am like one who visits a stock-exchange market or a tragic-comic play; I can enjoy it so much simply because I take no part in it.

Let me not be misunderstood.

In the first place it should be made clear that this type of life is found not only here and now in America, but is quite common everywhere and all the time. One of our popular T'ang dynasty (618-906 A.D.) poets once expressed his lamentation in the following lines:

"All events are experienced with too much anxiety. No one ever takes time to rest before he dies."

Two views of a single fact

ONLY those who remain outside can realize the pity of it; once they are drawn into it, they too are lost forever. The only difference in this regard between the Chinese and the modern Westerner is that the former acknowledges the fact with contempt and grief while the latter accepts it with justification and encouragement.

Secondly, let us not imagine that all the Orientals are lazy or that the Oriental philosophy is a philosophy of laziness. The Book of Changes, the oldest of all Chinese books and the first of the Confucian canons, states:

"It is the nature of the universe to be forever in motion, and it is the virtue of the superior man to imitate and harmonize with the universe by being active and attentive day and night."

Confucius was once asked by his disciple whether one may cease to study.

His answer was "No!" and he went

Views Business

DECORATIONS BY WALTER TEAGUE

on to say. "Great is death! The superior man may then rest, and the mean man may then lie prostrate!"

The Taoists idealized the life of inaction, but they added to it the idea that "by doing nothing nothing is left undone."

A common Chinese proverb says, "Running water never grows stale." Unlike the western proverb, "A rolling stone gathers no moss," it actually teaches the necessity of activity to be well and successful.

Now, what is a satisfactory explanation for these contradictory moods? We Chinese believe that human life as well as the universe is composed of two phases: the positive or active, and the negative or passive. It is vastly important that we should balance them well, keep them in harmony and not antagonistic to each other.

In the first place, we have always been carefully taught to apply our positive or active forces inwardly, that is to say, spiritually, ideally, mentally and morally.

The negative or passive forces should be directed to opposite ends.

In other words, we should sublimate our possessive instincts toward the acquisition of knowledge, virtue and invisible property; the ambition for conquest should be turned to the conquest

of ourselves—our own evil thoughts, our bad habits, and our vicious practices; the fighting spirit should be led toward literary and artistic contests or muscular and physical training. In our outward and material life, we prefer to live simply, humbly and economically.

Confucius says:

"He who aims to be a man of virtue, in his food seeks not to gratify his appetite, nor in his dwelling-place does he seek the appliance of ease." And again:

"A scholar whose mind is set on Truth, and who is ashamed of poor clothes and poor food, is not fit to be discoursed with."

The flawless character of Yu

IN THE second place, we have been taught that, when in government position or any official capacity, we should conduct our positive or active forces toward public utility, and our negative or passive forces toward private ends.

This is well illustrated in the following statement of Confucius in the Analects:

"I can find no flaw in the character of

WE speak proudly, some times, of our «modern American philosophy of business,» of the idea that we should spend more in order that we may be impelled to make more. But such a philosophy is neither modern nor American. It was preached and practiced in China seven centuries before the birth of Christ.

But was—and is—the frantic struggle and mad haste that this philosophy inevitably leads to really worth while? How do your views compare with this Chinese philosopher's?

Yu the Great (who reigned 2205-2198 B.C.). He himself used coarse food and drink, but displayed the utmost filial piety toward the spirits (gods and ancestors). His ordinary garments were poor, but he displayed the utmost elegance in his ceremonial costumes. He lived in a low mean house, but expended all his strength in the construction of ditches and water channels."

So, the things which belong to the community or which are for the good of the public must be well taken care of, improved and perfected, while one's private belongings are negligible from the eyes of a statesman or philosopher.

This doctrine must appear to the man

Yu the Great's ordinary dress was poor; his ceremonial costumes ornate. So things for the public good must be well cared for, while private belongings are negligible



imbued with the modern western business psychology to be foolish and ridiculous. I do not wish here to dwell upon the undesirable conditions created by or derived from the practice of modern western commercialism. I wish only to examine some basic theories held in the psychology of the up-to-date business man, and give my criticism from the viewpoint of a Chinese philosopher.

First, we find in this country a firmly established money standard; in other words, a dollar-and-cent measurement of human activities and their values. Though I share certain fundamental principles with the scientific socialists, I cannot fully agree that material conditions are the only determining factors of history. I can still less agree with the idea that national welfare and personal success are indicated mainly by the numerical figures of incomes and expenditures.

More pernicious yet is the growing conviction that everything is purchasable with money or that every phase of civilization can be valued only in terms of merchandise.

Money, though a very convenient means of life, is certainly not the end. Why should we sacrifice everything, even our lives, for the accumulation of money, and reduce ourselves to machines and mechanisms? Unless there is some property in a nation or in a person that cannot be corrupted or bought by money, that nation or that person is not worth living. For anything which has a price is valueless, and anything which has a real value is priceless.

An Oriental view of work

SECOND, the belief in the struggle for existence by the creation of a busy and noisy world is increasingly unbearable. It is necessary to work earnestly and diligently; it is also necessary to work with ease, quiet, and good taste.

When a Chinese philosopher of the military school in the sixth century before Christ was asked what are the most essential tactics in war, his reply was summed up in two words, "order" and "leisure."

Let us suppose the world to be a trench and life to be warfare, then those surest to win the battle are those who can fight it orderly and leisurely. Merely being busy and noisy will not bring us the victory. On the contrary, our energy is quickly consumed and the joy of work is totally eliminated. The best

efficiency test is not how to exert one's ability and exhaust one's strength, but how to preserve them and recreate them.

So, a restful night is of importance to a working day, and the leisure hours are invaluable to the busy minutes. Until one knows how to regulate his labor and tranquilize his mind, he does not live but simply exists. Here again we must not mistake means for ends. Strife is but one phase of life; it is neither its final aim nor its original purpose.

Third, we notice a tendency to promote luxury and extravagance for society as well as for individuals, and thus bring about the habit of money spending. One of the greatest American business men, has emphatically admonished the American youth to spend all the money he can make and then allow himself to be driven by the burning desire for new wants, that he may be induced to make more money for its realization. He advocates that the standard of life for both society and individuals will be

lifted by more money spending and more money making.

This theory is, in fact, neither modern nor western. It is the doctrine preached and practiced by Kuan Chung, a prime minister of one of the Five Conquering Powers of the Eastern Chou dynasty in the seventh century before Christ.

He maintained that "extravagancy is the only way to enrich the state," for public economy profits by the quick circulation of money.

Will we follow the parallel?

THIS DOCTRINE worked marvelously well with his state, the Chi's State, for more than a century, and it will, I presume, work well also for the United States for many centuries to come. For the position of the Chi's State in the Eastern Chou Empire was similar to that of the United States in the present-day world—that is to say, she was the leading financial power of her time. But,

Kuan Chung's political and economic philosophy, with all its marked achievements, was severely criticised by both Confucius and Mencius as being "narrow-minded" and "shortsighted."

To be sure, such a policy does actually enrich the state, but it inevitably disturbs people's minds and menaces also their moral and physical orders. This in turn reacts upon the psychology and social conditions of the community. Social unrest, insanity, crimes, and revolutions are its natural outcomes.

Under such a state of things, unless all citizens are well protected by some sort of state socialism as they were during the reigns of the Three Long Dynasties (2205-249 B.C.) of ancient China, when all land belonged to the public, farmsteads were equally distributed among the rural households for a fixed period, all schools were free, aged and disabled were cared for by local self-government, until then, there can be no security and no enjoyment for the majority of population.

The result will be that by sacrifice of the greatest number the smallest number may be enriched, and by sacrifice of the citizens the state may be enriched. Is this what is desired?

Fourth, a new maxim is current in the business world, that discontent and dissatisfaction are the
(Continued on page 198)



Confucius held that man should emulate the activity of the Universe

What Makes a Successful Executive?

By **ALBERT R. ERSKINE**

President, Studebaker Corporation

DECORATIONS BY DON MILLAR

DISCUSSION of the qualifications of industrial management has become more general in recent years because it is now recognized that the modern corporation is, in fact, a social unit in which the lives of the greater part of the American people are largely absorbed. We realize that business is no longer a hermetically sealed department of life, from which men withdraw themselves when the clock strikes the quitting hour.

On the contrary, the life of the nation and of every citizen is being moulded and colored by relationships with large corporate organizations. Leadership in industry today is no longer merely a question of achieving a favorable balance sheet.

These broad relations have been accompanied by an increasing sense of social responsibility as the better established corporations have approached an institutional status and as the functions of management and ownership have been separated to a large extent by the diffusion of stock ownership.

I believe that the modern corporation has already, through natural processes, begun to solve the problems which every form of human association has had to meet. We have created in America a corps of business management which

has evolved an ideology and a way of life which are slowly crystallizing into ethical form.

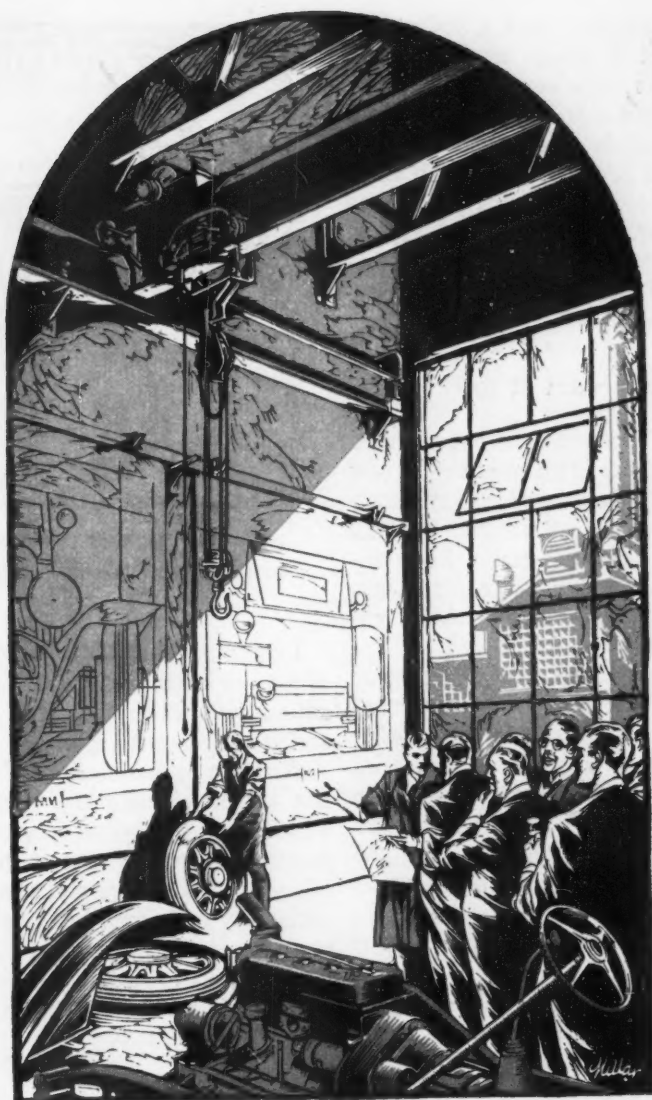
Back to group society

THE MODERN business executive, as distinguished from the individual enterprises of the day of smaller industrial units, has had to acquire some of the characteristics of statesmanship and, strangely, the final outcome of the individualistic industry which followed the Industrial Revolution of the eighteenth century in England has been a return in some measure to a group form of society in which men are banded together ac-

cording to their various occupations. The allegiance of great masses of men to corporations and, in turn, the allegiance of the executives of corporations to trade associations has brought this about.

Some corporations have progressed toward solving the problem of succession of leadership which is the rock upon which many forms of political associations have been wrecked. Curiously enough, we are reverting to the precedent of the Roman Empire in this respect.

The executive of a large corporation nowadays usually has in training a successor and, if the candidate measures up



★ **BUSINESS** executives, like poets, are made as well as born. What, then, goes into their making? To what, to use the newspaper phrase, do they attribute their success? Mr. Erskine sets forth here his own formula for selecting the lieutenants in his industrial army

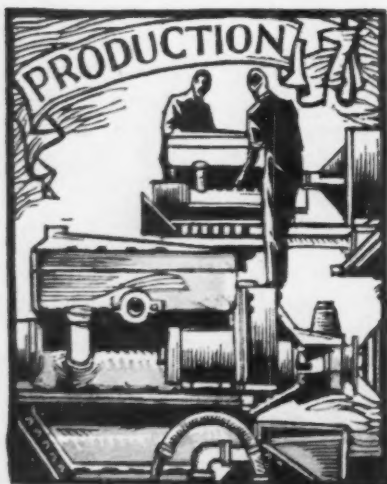
to his opportunity, such a designation by his chief is usually tantamount to selection. As these comparatively new functions and attributes of industrial leadership produce clear images in the public mind it is possibly worth while for as many executives as possible to contribute their thought and the result of their experience to the general formulation of sound principles of corporate leadership.

Still room at top

HOWEVER, precedent is but a limited guide for industrial management in new industries. In the motor industry we are still establishing precedents. We are compelled to do so because the executives of a motor company must always be doing something new or their competitors will do it for them.

At the same time they find that at least three-fourths of the time of management is taken up with supervision simply because, even in an industrial society where ability is free to move to the top, there are not enough capable and ambitious men who are willing to pay the price of success, which is hard work.

The supply of those who know how to do things capably under supervision and under the spur of insistent leadership is quite ample. For this reason I have found that the most reliable test of whether a man is competent to rise to high industrial command can be summed up in a phrase—the man who says "What else can I do?" is the man destined to business leadership. Industrial leaders know how rare these men are, and no matter how far down the line they begin to disclose themselves their rise is absolutely certain. When this kind of a man appears nearly every other consideration is secondary.



Most executives developed through practical experience



A business leader must be able to picture facts from figures

I think this is the answer to the talk about specialists and the age of specialization with which the world has been surfeited in recent years.

We have been told that only specialists can now make the world move. That is easy to say and easy to believe, because of the vast increase in the sum of human knowledge and the growing variability of human life. Viewing the general picture of modern industrialism, it is easy to be overwhelmed by the tremendous advance in all kinds of research and technology.

Specialization or leadership?

ONE effect of the great movement for efficiency and cost cutting was to exalt for a moment the specialist, but, after all, the functions and opportunities of the specialist had been made possible by the business leader equipped with primary qualifications for human leadership.

For that reason I have never become very deeply interested in thinking of the relative merits of the one-job man, and the two-, three- or four-job man; nor have I ever been able to discover any difference between men who have successfully administered more than one corporation and those who have come up to the top of the organization in which they started.

We are familiar with the army officers, real estate men, lawyers and others who have become great corporation and railroad operators. On the other hand, the sort of men who have remained in a single line are perhaps even more numerous.

We can recall Henry Ford or Roy D. Chapin as men who grew up in the auto industry. Walter C. Allen, president of the Yale & Towne Manufacturing Com-

pany, began as a truck boy at three dollars a week in that company; Will L. Clayton of Houston, Texas, head of Anderson, Clayton & Company, a concern which handles one-sixth of the American cotton crop, began as a \$60 stenographer with the American Cotton Company in the early days when I was in that company.

Back in 1888, Martin J. Collins, long president of the Graham Paper Company of St. Louis, was one of my office associates drawing \$40 a month from the company he now leads.

A diversity of jobs is essential experience for the potential business leader; for instance, in Studebaker, H. S. Vance, vice president in charge of manufacturing, was an inspector in the factory, purchasing agent, sales manager and assistant to the president before he took his present position. It is usually a good thing for production men to have had sales experience. This is especially true in these days when public taste is so discriminating and variable.

Paul G. Hoffman, vice president in charge of sales, was a salesman, then a branch manager, then a dealer on his



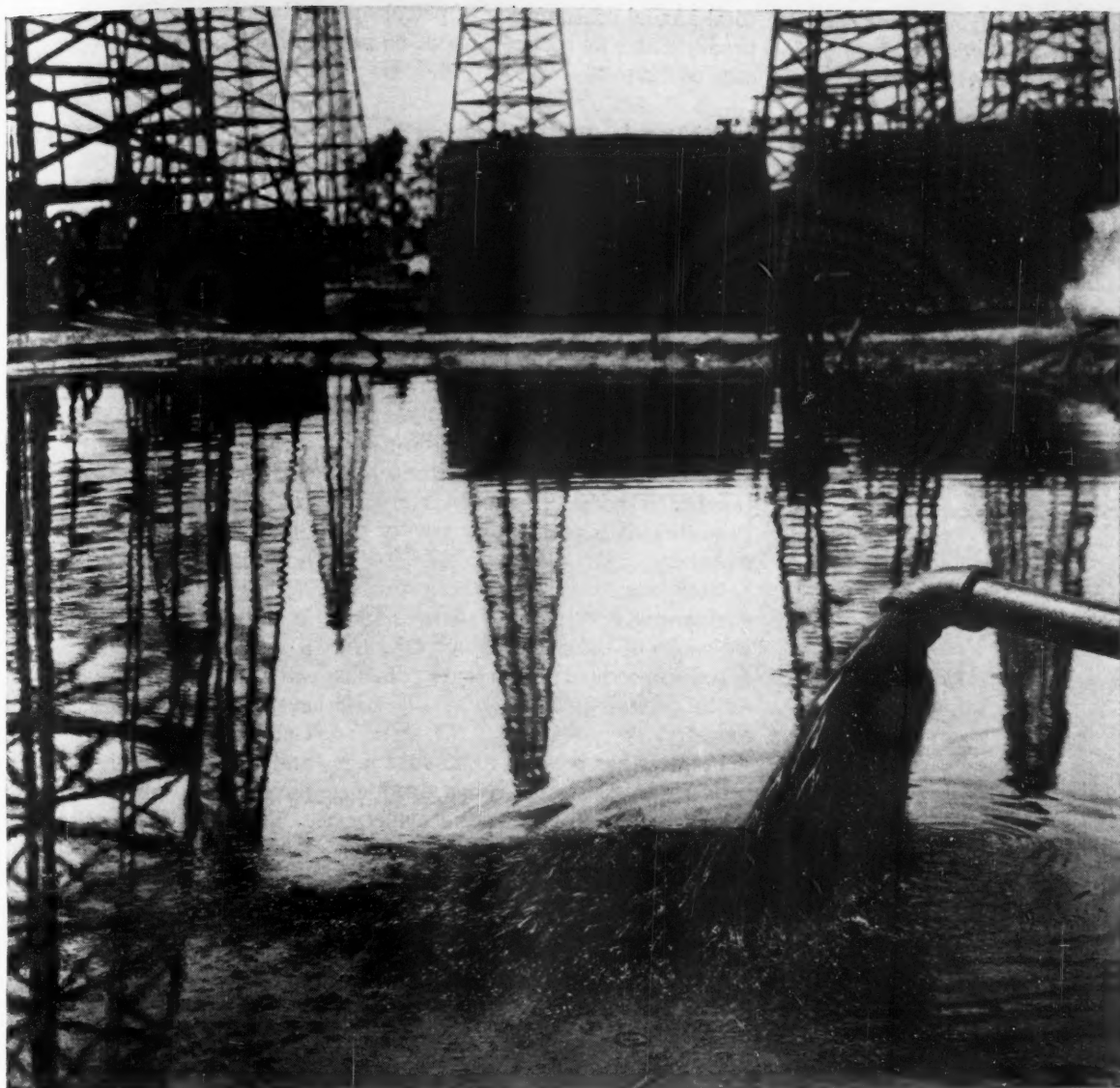
The corporation head evidently must be financial minded

own account with 353 people working for him at one time.

Undoubtedly, practical experience in most of the major departments of a business tends to develop those general qualities required for high industrial command. While the head of a great corporation need not necessarily be a financier, he must have a goodly portion of that rather indefinable thing we call the financial mind. That ought to be self-evident.

The progress of science is based on the advance of measurement. As industry relies on statistics, the importance

(Continued on page 178)



Frantic oil production, which ignores demand, makes costly storage necessary

The World's Worst Waste

By MARK L. REQUA

Former General Director, Oil Division, U. S. Fuel Administration

★ **NO INDUSTRY** would buy 25,000 tons of coal daily, pile it up and burn it uselessly. Yet, in California alone, one phase of oil operations is causing this much waste every day and hastening a shortage of an irreplaceable mineral.

Mr. Requa explains why this waste is permitted and suggests a remedy

IN considering the question of the conservation of our petroleum resources we must begin by differentiating between the mineral, animal and vegetable kingdoms. Animals and vegetables are replaceable. Mineral deposits, once exhausted, are gone forever. We must next recognize that our two power-making minerals, coal and oil, when consumed, leave no scrap. The scrap market, an important factor in metal production, has no place in the production of either coal or oil.

When our mineral resources are exhausted we shall have to revert from the industrial civilization of the present, back to the pastoral life of the Middle

Ages, unless synthetic chemistry comes to the rescue, and even its accomplishments, wonderful as they are, have so far been unable to produce elements.

Petroleum is a mineral although the average citizen is unaccustomed to think of it as such, just as few persons think of that other liquid mineral, water, in its proper classification. Water is indestructible. Convert it into steam and it escapes to find its way back as rain. But burn a gallon of gasoline or a ton of coal and it is gone forever.

The United States consumes more than half the minerals produced in the world and produces more than half of the principal ones.

We produce 72 per cent of the world's

total annual consumption of petroleum products and we consume about 65 per cent of the total world output.

How long will they last?

MANY thoughtful citizens are concerned as to whether our mineral reserves are adequate. The supply is ample now but 50 or 100 years is not a long time in the life of a nation and in that time some of our present reserves will, apparently, be exhausted.

We should, of course, use them as needed but, since they are irreplaceable, it would be folly not to insist on maximum efficiency not only in consumption but in production and manufacture as well. This is particularly true of petroleum.

Its significance has only been realized comparatively recently. As late as 1905 we spoke of the iron age but now the petroleum industry represents twice as much capital investment as the steel industry.

Progress has been so rapid that it is little wonder that the sober thrift endorsed by Calvin Coolidge in his letter appointing the Federal Oil Conservation Board has failed to keep pace with expansion. The result has been an orgy

of inefficiency in handling our petroleum resources.

We are prone to think of petroleum in terms of gasoline and fuel oil, overlooking the importance of kerosene, gas oils, Diesel engine oil, road oils, coke, and lubricating oil. Some one once calculated how many million acres of castor beans would be necessary to supply sufficient castor oil to lubricate the machinery now in use in the United States alone. I have forgotten the figure but it was tremendous. As a matter of fact there is no known substitute for petroleum oils for lubricating purposes.

Substitutions have been suggested for petroleum; the hydrogenation of coal is possibly the future source of supply. Shale may produce oil but of them all none can compare with oil from wells.

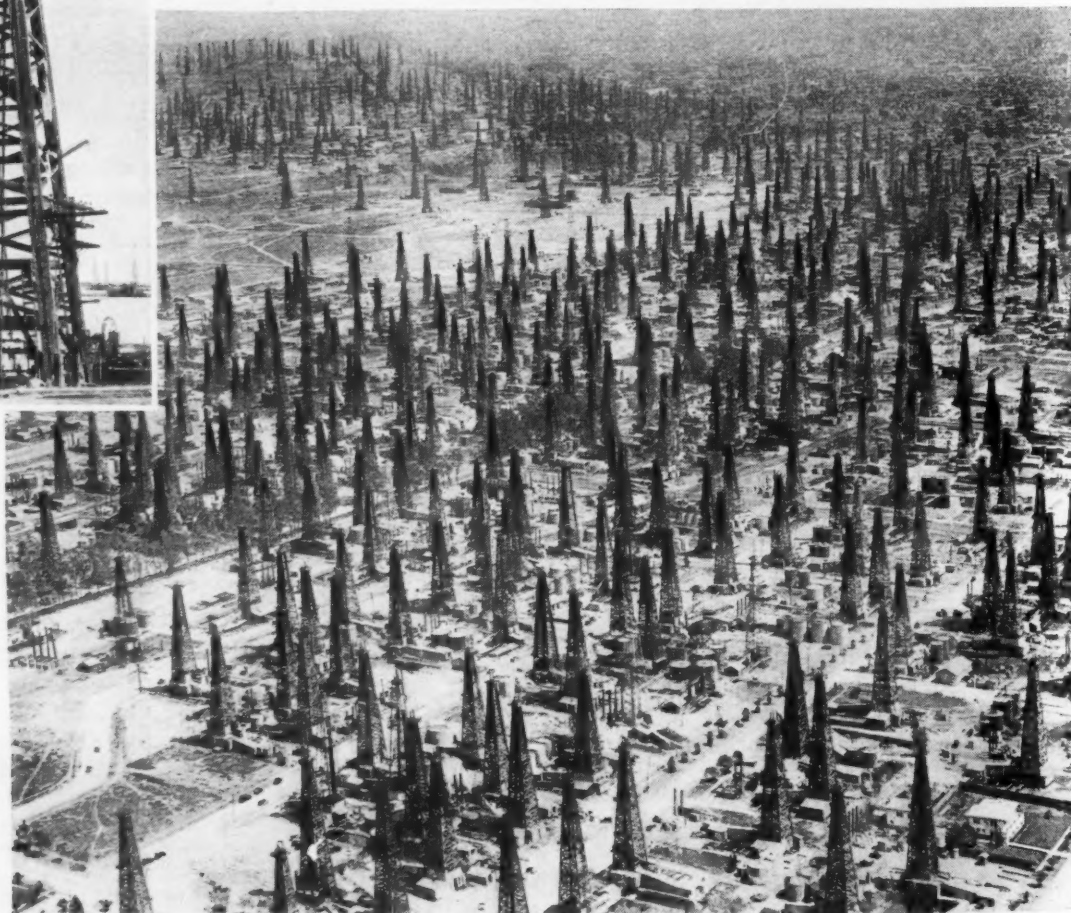
This migratory mineral was first found in the region of the Alleghenies which, a generation ago, supplied the nation with a modest 60 million barrels of it every year. Then production jumped to California and later back to Oklahoma and Texas. Now the 60 million barrels have grown to 900 million.

This liquid mineral has its own problems. It may lie under your land, for instance, and under mine next door. If

(Continued on page 186)

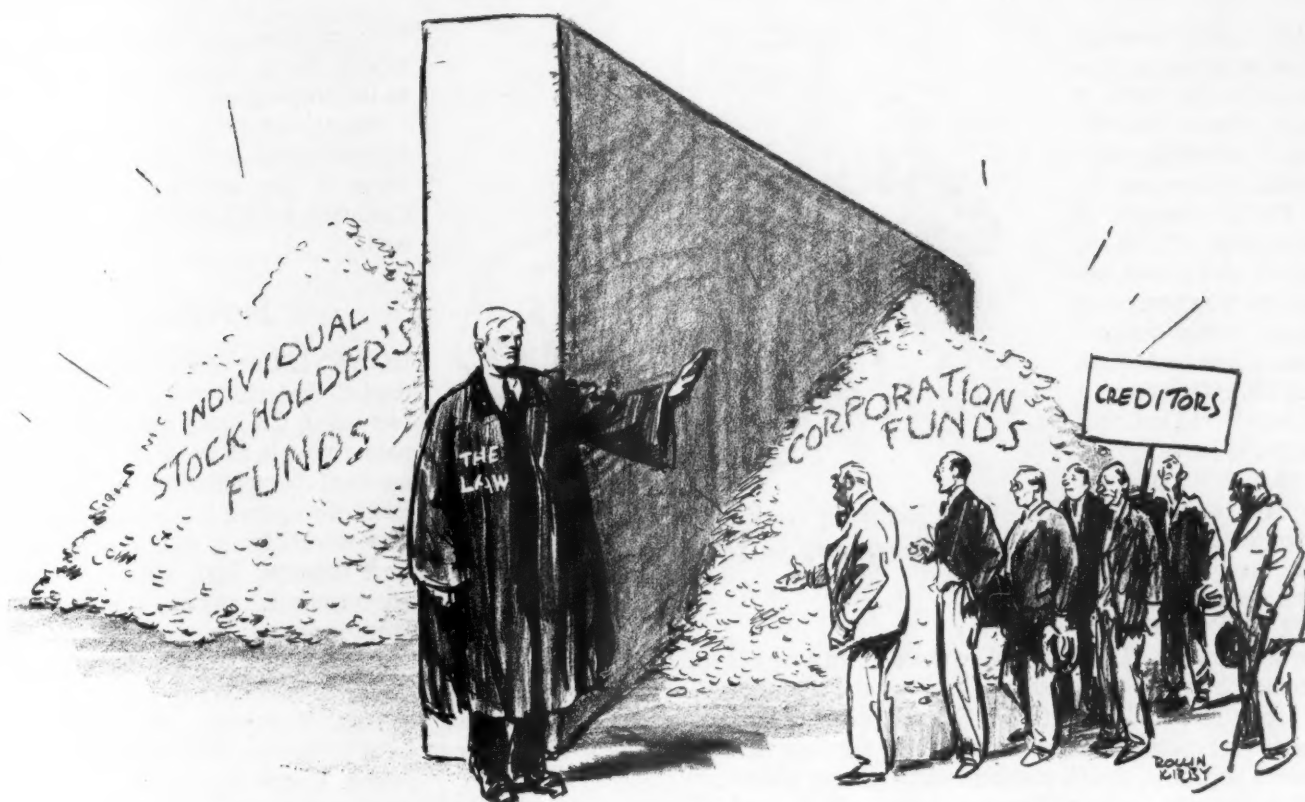


Cooperation would stop such crowding as this which means expense, waste and a decreased return from both wells



EWING GALLOWAY, N. Y.

Although one well in ten or 20 acres is sufficient, ten wells are frequently sunk on an acre. In one field alone \$250,000,000 was spent drilling unnecessary wells



The law built a wall and forbade creditors of the corporation to pass across it

Juggling Corporate Capital

By CHARLES B. COUCHMAN

Partner, Barrow, Wade, Guthrie & Company

CARTOONS BY ROLLIN KIRBY

CORPORATIONS are no longer novelties. Ownership of capital stock in corporations is as common as are radio sets; and of course corporations always have capital. That is taken for granted. The amount of capital authorized is always definitely fixed in the charter and certificate of incorporation.

All of these facts are accepted as part of the folderol connected with the process of incorporating. But what is the real purpose of a stated amount for corporate capital? Apparently this question gets little thought or attention. Why should each corporation have a definite amount of capital "authorized," when in but comparatively few cases does the authorized capital stock have any relation to the true capital of the corporation?

Corporations are the offspring of

partnerships with certain marked differences, chief among which is the condition of limited liability of the stockholders. The history of a stated amount of capital stock traces its origin primarily to this limited liability and was primarily intended as a protection to creditors.

It is a well-recognized fact in the study of credits that a liability must be

protected by assets of greater book value than the amount of the debt, unless the assets be in the form of cash or its equivalent. An old rule-of-thumb with regard to credits was that the liabilities attaching to any fund of mixed assets should not exceed 50 per cent of the book value of such assets.

It is not our purpose to argue the merits or demerits of this rule. There is



CHARLES B. COUCHMAN, a Missourian by birth, prefaced accountancy by activities that ranged from cattle tending to railroading. He took up accounting in 1911, formed a company in 1913, opened a New York office in 1921, and in 1928 merged his practice with the firm of which he is now a partner. He has lectured and written extensively on business finance

little doubt, however, that maintaining it as marking the limit of safety was a vital factor in preventing over-credits in days gone by.

To be concrete. If the firm of Jones, Smith, and Brown, appeared to be headed by good, careful business men, a loan to them of, say \$50,000 was usually considered well protected if Jones, Smith, and Brown had an equivalent amount themselves invested in the firm so that the firm assets were \$100,000. This would allow for a shrinkage of \$50,000 before there should be loss to the creditors.

However, under partnership law, Jones or Smith or Brown could withdraw a portion of their investment without asking the consent of anyone outside their organization, so that part of the assets which the creditors considered as affording security for their loan could be taken out of the funds of the firm and transferred to the individual partner.

Partners stood to lose

AS A RESULT the law said that the creditors might pursue these assets with their claims so that if the assets of the

firm were not sufficient to pay the debt, the creditors could bring action against each or any or all of the individual partners and any assets which they might possess.

This legal viewpoint, while highly pleasing to creditors, had certain undesirable features to many partners. Eventually it led to the formation of that legal entity known as a "corporation" by means of which an owner's liability (with certain exceptions) was limited to his investment in the corporation. Under this plan of organization, if Jones Smith, and Brown incorporated with assets of \$50,000 representing their stated capital and if they obtained another \$50,000 assets from creditors,

these creditors could only look for protection to the fund of assets belonging to the corporation.

About this entity the law built a wall separating the corporation's funds from those of the individual stockholders. Creditors were forbidden to cross this wall.

Justice to all

HOWEVER, it seems that the law intended that this wall should debar in two ways. Creditors were forbidden to pass through it or over it to attach assets of the stockholders to obtain payment of corporate indebtedness to them. The stockholders, on the other hand, were debarred from withdrawing from the corporation any of its stated capital. Were it not for this two-way provision of the wall, the law would have proven unjust to creditors.

This, it appears, was the original legal viewpoint with regard to corporations. Every corporation, save those concerned with operating mines and the like, had a stated capital which must be held within the corporation to protect creditors and to aid in carrying on the operations of the corporation.

This fund might be lost or decreased through business transaction so that creditors might suffer loss, but no part of it could be removed legally from the corporate corral and added to the private funds of the stockholders. The law stated specifically that withdrawals by stockholders, known as dividends,



By jockeying stock sale proceeds, good dividends may be paid—for a while



Who of us does not get a thrill from beholding the engrossed figures on our certificates, regardless of the fact that their worth may be far less?

must be made only from funds accumulated in excess of the sum of the stated capital and the liabilities. Such an excess was known as "surplus."

In the adolescent and more innocent age of corporations, this surplus was presumed to accumulate from profits. The whole scheme seemed simple and effective. Then, as time progressed, corporations began to move out of this rather simple sphere of activity and to experiment along new and unexpected channels.

A wonderful field of experimentation was offered by the method adopted in most states for valuing the amount of the corporate capital. In those days, capital stock had what was known as a "par value," usually \$100 a share. This was presumed to be issued by the corporation in return for \$100 of money or its equivalent received by the corporation.

Watered Values

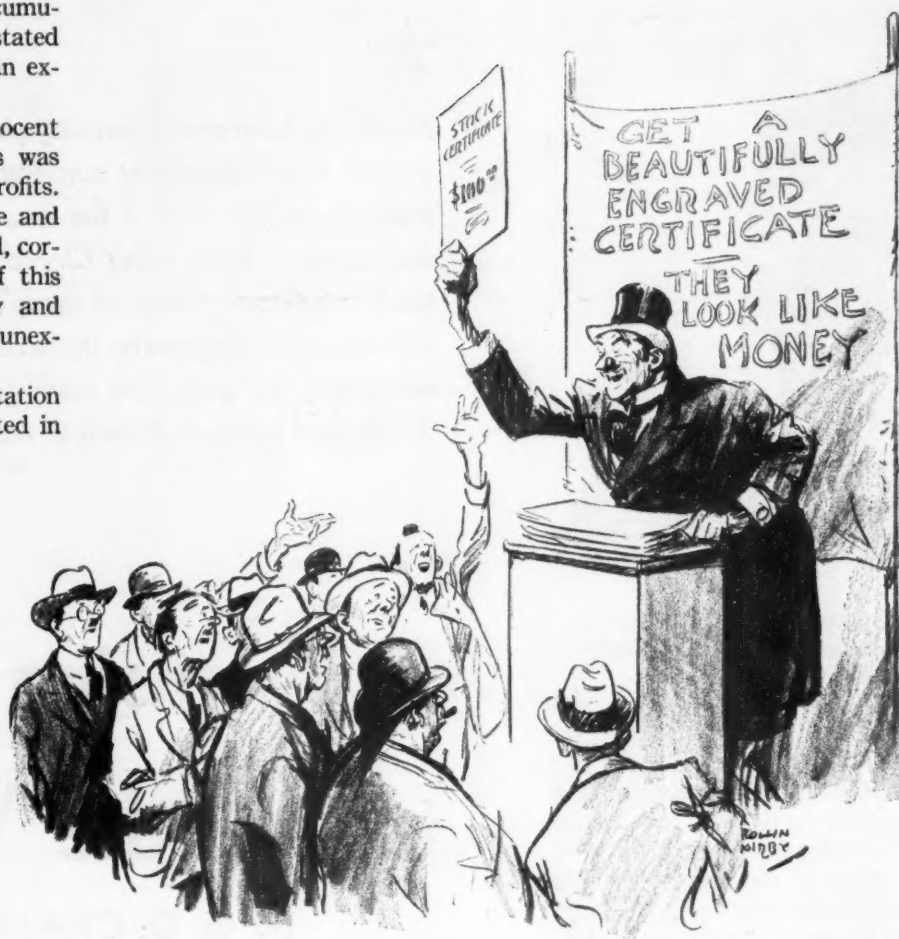
THUS a commercial unit with a capital stock of \$50,000, consisting of 500 shares of \$100 par value, was presumed to have received \$50,000 in cash or other assets in return for the issue of its entire stock.

Had stock always been issued for cash, the problem would remain simple, but frequently it was found desirable to issue stock for other property and the majority of states authorized that stock could be issued "for cash, for property, or for services rendered."

The value to be fixed upon such services or property was usually left to the board of directors. As time passed, various boards of directors began to realize the possibilities afforded by this most trusting statute and values set upon property for the purpose of issuing capital stock began to bear rather remarkable divergence from values of similar property as fixed for cash sale.

The experiments that ensued resulted in the creation of many corporations whose capital bore little relation to the original cost, or the construction cost of properties acquired by the corporation for capital stock; and at times, unfortunately, bore little relation to the capitalized earning power of these assets.

In such cases, if creditors advanced to a corporation values equal to the amount of capital apparently contributed by the stockholders, there was no real assurance that the creditors were



It has long been known, not only by Barnum but by all his successors, that the public will believe the label on the package

protected by assets of double the amount of their advances, even though the records and reports of the corporation indicated such a ratio. The value fixed on the assets advanced by creditors was the result of business negotiations between two distinct parties—the corporation officers on the one hand and the creditors on the other.

The book values fixed for the properties or services invested by the stockholders may have been fixed by a group dealing with themselves; being at one moment proposed investors offering their property to the corporation, and in the next moment, a board of directors accepting for the corporation the properties offered.

Market price vs. book value

THE INEVITABLE result was that the par value stated on the share certificates did not express the intrinsic value of the assets represented by the stock, and equally inevitably this par value did not express the marketable price of the shares.

It has long been known, not only by Barnum but all the multitude of his

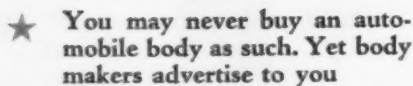
successors, that the public will believe the label on the package in preference to a study of the contents. "If it is in print it must be so" is a rule followed by countless numbers who would, no doubt, indignantly refuse to admit it.

The engraving on a stock certificate is even more impressive than mere print and when "One Hundred Dollars" appears in elaborate green ink across the stamped golden sunset of a share certificate, surrounded by scrollwork reminiscent of government money, who could be hardy enough to doubt that it must represent the value indicated?

Who of us does not get a little thrill from beholding such engrossed figures on our certificates, regardless of the fact that their worth may be far less? It is a psychological susceptibility that few of us can escape, and it has proved a bonanza to the issuers of thousands of beautiful certificates.

Among the promoters of corporations there are always a certain number whose intent is to make a profit from the issuance of shares rather than from the operation of the corporation, and usually there is a certain percentage of these

(Continued on page 88)

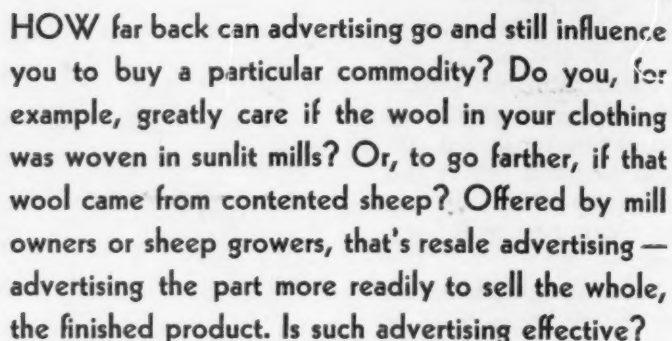


YOU are in the showroom of a motor-car dealer. The salesman is telling you all about the good points of the automobile you are considering buying. He tells you that it has a Continental motor, Timken roller bearings and a Fisher body. You agree that these are worth while, and the salesman emphasizes them in bringing you to the closing point.

That is as good an example as any of the factors in modern merchandising referred to as the resale. You are never the purchaser of a Continental motor, Timken bearings or a Fisher body, as such, but only of the car of which they are component parts. Their manufacturers have made you conscious of their advantages in order to give their products resale value for the automobile builder.

Development of a merchandising philosophy based upon the resale element is as characteristic a feature of this business age as any that could be mentioned. Contrast the present plan of entering a market arm in arm with your customer or your supply man with the ancient idea that the seller was a chap it wouldn't do to trust, the "Let the buyer beware" idea. For, basically, the development of resale merchandising is a recognition of the mutual interests of buyers and sellers, and of the fact that they may share markets together.

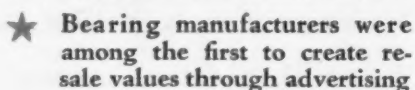
The automotive industry has given a great opportunity for the development of this idea, but it is evident in many other industries. Many manufacturers are projecting themselves beyond their



Advertising the Part to Sell the Whole

By G. D. CRAIN, Jr.

Editor, Class and Industrial Marketing



immediate markets, in the sense of their immediate customers, and are making themselves and their products known among those who purchase the products as parts or accessories of something else.

A striking feature of today's situation is the cordial welcome extended by the

buyer to the seller, who through his efforts in secondary markets, has added to the salability of the product in which his own is incorporated. This attitude is in direct opposition to the view formerly held in some quarters, that the seller forces himself into the consumer market so as to provide himself with a club by which he may compel his immediate customer to use his product.

Today's business trend

THE trend of the times is steadily toward a better balanced and mutually beneficial arrangement, with buyer and seller not only sharing the market, but good will and responsibility as well. *Noblesse oblige* and the policy which entails active merchandising efforts among others than immediate customers imply

an obligation to make good, as well as an opportunity to make business.

The Alemite Corporation, well known in the automotive field, has developed its fittings for the lubrication of industrial machinery. During the past few years it has built up a substantial de-

mand in that section of its market. Not long ago the maker of a well known line of construction machinery suggested that he would like to feature Alemite in his sales and advertising program, feeling that his use of the fittings had created a talking point worth passing on to salesmen and distributors.

It is quite likely that from now on Alemite will be given prominence by this manufacturer, not because the Alemite fittings are primary details of his design, but because buyers know what Alemite means and accept it as representing something worth while. The maker of the construction equipment is simply capitalizing the reputation of Alemite in his own market.

The buyers know values

A SITUATION of this kind would have been decidedly unusual a generation ago. Few sellers attempted resale marketing activities, and few buyers sought to increase the salability of their products by making use of the good name and reputation of the materials, parts and accessories of which those products were composed. At that time the average buyer would probably have resented any attempt by suppliers to influence his customers to specify those suppliers' particular brands.

One of the most successful houses in working out this type of merchandising set-up is the International Nickel Company. Its principal product is Monel metal, a nickel alloy with qualities that have given it popularity among users of metals. International Nickel has gone into the markets of its customers, the



the Mark of Good Machines

WHEN you select machinery, remember that you are not only buying the machine but also the reputation of the maker. The name is no insignificant mark on the machine. It is a mark of quality, a mark of reliability, a mark of the maker's confidence in his own work. It is a mark that tells you that the machine is built to last, that it is built to give you the best of service, that it is built to be the most efficient and economical machine you can buy.

CUTLER HAMMER
The Control Equipment Good Electric Motors Deserve

★Manufacturers of motors find this firm an ally in staging their own merchandizing plans

fabricators of metals, and has done a big merchandising job, not merely in behalf of Monel, but in behalf of all the specific products made of that material.

It publishes a house organ which is circulated to a great many buyers of metal products and in which a directory of the fabricators is published. This directory shows the names of the manufacturers from whom Monel products may be obtained and also all of the different items that are manufactured of that material. The Company makes its attacks on market specific; it goes into the laundry industry, for instance, with a special drive in behalf of laundry equipment which contains Monel.

Indicating the attitude of users of Monel metal toward the product, and particularly toward the good will inherent in it because of the way in which it has been merchandised in the resale markets, here is a little incident which developed not long ago. An advertising journal published an article in which credit for pioneering Monel in the laundry field was given to a certain manufacturer. Almost immediately a letter was received by the publisher from another manufacturer who made and sustained the claim that he, and not the one mentioned, had been the first to use and to feature Monel in laundry machinery.

That's a rather significant thing, if you stop to analyze it. Just remember that Monel metal loses its iden-

tity when it is remanufactured; it might be any one of a number of things, and the buyer would hardly know what it was unless the seller told him. But laundry machinery purchasers have come to attach desirable attributes to Monel, so that featuring it for resale is a definite merchandising advantage to the equipment manufacturer. Hence the immediate buyer of Monel spends his own good money to advertise the fact that he uses it.

Something was said about the manufacturer who enters the resale merchandising field sharing not only good will but responsibility. That is one of the features which appeals to the man who buys for



The shop that uses PURE IRON can save you many dollars!

ARMCO

THE ARMCO INGOT IRON SHOPS

★Armco has created a prestige that leads its users to give it vast amounts of space in advertising their own products

resale. Every business has the problem of pleasing the customer and of adjusting complaints satisfactorily. If the ultimate user knows and respects the manufacturer of a part or accessory, it makes it much easier to handle repairs or adjustments.

Underwriting the guarantee

IN THE case of the motor-car sale previously referred to any repair or adjustment needed in the case of the roller bearings probably would not cause the owner of the car to criticize its builder. The owner has been sold the idea that those bearings are good bearings, and necessary adjustments or replacements do not imply faults on the part of the car builder. In other words, the implied guarantee of satisfactory use which

Making the 752 more comfortable for you



HYATT
QUIET ROLLER BEARINGS

★ Here the resale item adds salability to both the product and the service the product gives

every maker of a good product extends to his customers is now underwritten also by the makers of the identified parts and materials. From the standpoint of the dealer and service man, this situation is decidedly advantageous.

The chief reason for making use of the good will of resale products is, admittedly, the reduced burden upon the product containing them. These are days of larger volumes of business, but also of smaller percentages of net profit. One of the reasons why profits are narrower is that selling costs are higher. The business man who is looking for an opportunity to cut sales expense seizes the chance to do so when he finds that the company from which he is buying a part, accessory, or material is doing part of the sales job for him.

Humanizing the engineers

A NEW business journal recently established for machine designers made the interesting statement that engineers who design machines are interested in the resale value of the parts and materials which they specify in the specifications and blue prints. Engineers were formerly supposed to be coldly scientific beings who recognized nothing except laws and formulas relating to strains, stresses and strengths. To find that they are concerned with selling as well as with designing is a stimulating thing—and it indicates that resale is a subject not confined in its interest to a few persons.

There are many reasons why the designer, whether he is building a machine tool or a refrigerator, should be concerned about the salability of the parts which he uses in his product. If he is a good designer, he wants the product he creates to be a success; in short, he wants it to sell. If a maker of a metal or a motor can show him that use of that metal or motor in his product will make the latter more salable, the designer, being a practical business man, will say, "Thank you!" and write it down.

Bennett Chapple, vice president of the American Rolling Mill Company, has said that Armco ingot iron manufactured by his company, is given a million dollars' worth of advertising space a year by its users. While Mr. Chapple is an idealist, he does not believe that this amount of money in the form of publicity, is handed to Armco merely because the donors happen to be in generous moods. On the other hand, he thinks it is good

business for them to do so, as well as good business for Armco to have created a situation where that happens.

"We have been advertising and merchandising Armco ingot iron to manufacturers, merchants, and the public," Mr. Chapple said. "We believe most people know that Armco resists rust, and that it is as pure a commercial iron as one can get. We have been working with retail merchants, central stations, department stores and other establishments selling products made of sheet metal, telling them about Armco and our reasons for believing that products made of it should prove satisfactory in service.

"It is thus easy for manufacturers who use Armco to see that in identifying their products with that material they are tapping a reservoir of public good will and appreciation. It lends an added cost, and hence gives them a legitimate reason for using the Armco tag on their goods and also for mentioning Armco in their advertising."

Another company which has been highly successful in making the public conscious of its product is Cutler-Hammer, Inc., of Milwaukee, manufacturers of motor-control apparatus.

Bearing manufacturers have been especially alert in this respect. Probably they are the real pioneers in working out the basic plan for creating resale value, since they had the difficult problem of making a buyer conscious of a part which he did not see and probably would not know about through contact in use. Hyatt, Timken, New Departure, Fafnir, S K F, and other leading bear-

ing manufacturers have attacked the problem so successfully that it is now a familiar practice for the machinery builder to feature in his selling and advertising the fact that his product contains a well-known bearing.

Pioneer of resale values

THE latest achievement of the bearing manufacturers has been in the railway field, where after several years of effort they have persuaded a number of leading roads to adopt antifriction bearings for passenger coaches.

The railroads are selling not coaches, but transportation, and undoubtedly the fact that passengers would appreciate smoother riding played a part in hastening adoption of the new design. Here the resale item has added salability to the service as well as to the product.

The most notable features of the development of the resale program are the changed attitudes of many buyers, who are now eager to take advantage of the new merchandising aid, and the rapidity with which ultimate users absorb information about the advantages of certain materials, parts, and accessories.

There are many other fields of business than those discussed in which the resale factor is being given attention. There are, of course, many variations in the application of the idea, depending on the type of product and the method of distribution, but the basic plan of developing contact with the ultimate user has possibilities for all kinds of businesses.

One of the leading shoe manufacturers is credited with having improved his position by special attention to the sales people in retail shoe stores, supplying them with information about his product in such an interesting and intelligent way that he has been able to develop real support from the men and women whom he regards as the chief resale factor in the shoe business.

In the same way, one of the leading saw companies has spent much effort in cooperating with salesmen in hardware stores to insure a really informative presentation of its product.

"For sale—or resale?" is a question which every business can ask itself regarding all of the products which it makes or sells. For today's merchandising practice is based primarily upon the belief that following through to the final goal of ultimate use and complete satisfaction is a permanently successful policy.

To Protect Yourself

*Against the Use of Improper Lubricants In
Your ALEMITE Equipped Car*



Alemite Lubricants Sold in Most Dealerships and Service Stations

A Nation-Wide Service to Combat the Cause of
80% of All Repair Bills—Improper Lubrication

1. Use Only Alemite Lubricants

Alemite Lubricants are the only ones that are guaranteed to protect your engine and other vital parts of your car.

2. Use Alemite Lubricants Regularly

Check your oil level frequently and change it when it gets low. This will keep your engine running smoothly and prevent wear.

3. Use Alemite Lubricants for All Parts

Don't forget to lubricate the chassis, steering, and other parts of your car. Alemite has the right lubricant for every part.

The Alemite Corporation has built up a demand for its fittings

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More than 158 million acres in land grants—that was the enormous empire the Government gave the railroads that built into the West.

Tragedy, comedy, romance and pestilence stalked the conquerors of this empire and, in the end, Fortune poured the profits into unexpected hands



CONTEMPORARY DRAWING FROM FRANK LESLIE'S WEEKLY NEWSPAPER

Fearful wrecks received only laconic notice in the newspapers as the pioneer rail builders pushed their ribbons of steel toward the West

What Uncle Sam Got for an Empire

By AGNES C. LAUT

Author of «Romance of Railroads,» etc.

WHEN Jay Cooke issued his famous prospectus for subscriptions to Northern Pacific rail stock and bonds more than 50 years ago, he boasted that the 50 million-acre tract granted to the Northern Pacific was "equal in area to six New England States, large as Ohio and Indiana combined, room in it for ten States large as Massachusetts . . . seven times as large as Belgium" and would some day be worth \$500,000,000 and even at \$2.50 an acre would much exceed the cost of the Northern Pacific put at from \$64,000,000 to \$100,000,000.

It is worth that today; but that total did not accrue to the builders of the Northern Pacific.

In spite of the colossal empire granted to the road, the Northern Pacific crashed into two receiverships in 25 years chiefly

because those lands could not be sold fast enough to finance the building of the road.

Opponents to land grants of any sort to railroads could truthfully have added that all land grants to all rails were three times greater than Cooke's boast—in other words equal to 18 New England States, 30 states as large as Massachusetts, 21 kingdoms larger than Belgium.

Land they could not sell

BUT those lands were not given free. The rails had to build to win the grants. The rails numbered 11 major systems such as the Northern Pacific, the Union Pacific, the Central Pacific, the Southern Pacific, the Santa Fe, the Chicago and North Western, the Illinois Central, besides such minor lines as the Missouri Pacific, the Chicago, Burling-

ton & Quincy, the St. Louis-San Francisco.

Of these roads all but half a dozen went into receiverships within 25 years; and for the same reason the Northern Pacific had gone bankrupt—because lands did not sell fast enough or at a price high enough to finance the construction.

"In an evil hour Stephen Douglas advocated land grants."

"The little finger of monopoly has become thicker than the loin of the law."

"Farmers are cruelly oppressed . . . our courts are debauched . . . our judges are bribed" . . . "the public pays the profits on floods of worthless stock" . . . "the law of the land is defied" . . . "the people have paid for the rails in rates and land, and the stockholders get the profit" . . . "if a

man steals from me enough to buy him a horse and then charges \$5 for carrying me a mile, he does on a small scale what subsidized capital does on a large scale."

I could quote a hundred such charges made after the Crimean War of the 1850's when the price of wheat soared to \$3 a bushel for any grade, and into the late 1860's when prices as suddenly shot down to 40 and 30 cents a bushel. Political platforms rang with such charges. The press featured them, and one of the quotations cited is from a judge.

Rails and bankruptcy

FROM 1830 to 1856 the Middle Western states had been implored to get any kind of rails down at any cost. They did; and the effort almost bankrupted half a dozen new states and territories. Then came the Federal Government assigning land grants to private com-

panies that would go ahead; and prices for farm output soared because grain could reach Europe when Europe could and would pay any price for grain. More than 400 rail charters were issued for lines in the Middle West at this time.

When prices fell, there was, of course, another and sadder story.

The sense of grievance came after the success of those land grant rails.

Because of the Chicago fire, it is impossible to figure out how many miles of railroad radiated from Chicago before the total collapse of all state and private ventures. Certainly there were little more than 100 miles of rails in running order south, west, or north of Chicago at the beginning of 1851. These were what are now known as the Chicago and North Western, 42 miles; the Wabash, 45 miles, and the Burlington, 11 miles.

Not a rail had been completed to Illinois from the east. There were branch

lines in Michigan, of which one paid, one didn't, and a third was in the hands of the sheriff.

Indiana, Michigan, Illinois had all tried out state construction of rails as common highway. As a result Indiana had a state debt of \$15,000,000 selling at 20 cents on the dollar; Illinois, a state debt of \$17,000,000 plus, selling at 18 cents on the dollar; Michigan, a state debt of \$5,000,000 plus selling at 20 cents on the dollar. The Middle West had had enough of state rails for some time.

The waves of immigration had now dumped in these states and territories three million people. Both Lincoln and Douglas realized the Middle West must have rails at any cost. One hundred miles south of Chicago off any river way was unbroken wilderness.

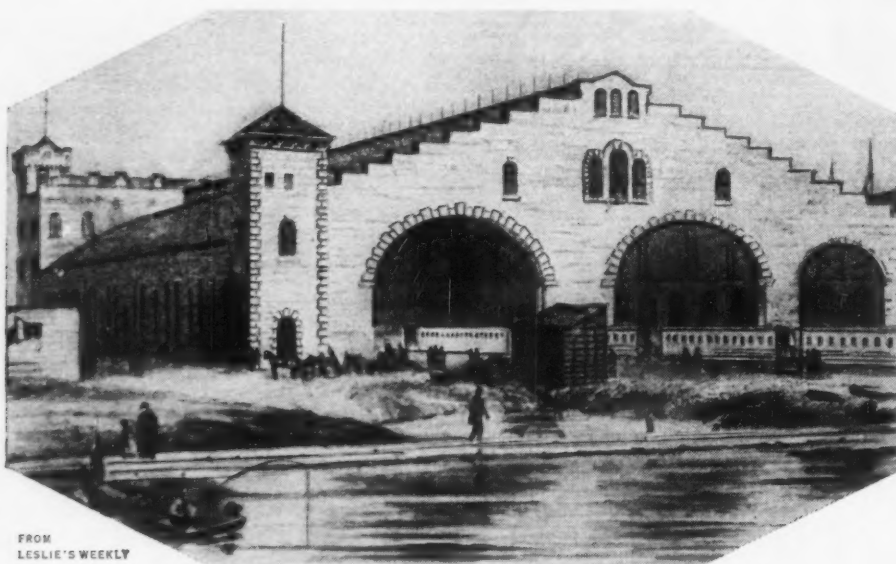
Said Stephen Douglas in the Senate, "These lands have been on the market for 23 years but will not sell because they are distant from any stream."

Said Henry Clay, "This land is, I believe, about 300 miles in length and but 100 in breadth. It is utterly worthless just now, nobody will go there and settle."

Jungle land

SAID U. S. Senator T. H. Benton, "These lands are classed as refuse. The young states are made desolate by lands in their midst that pay no taxes held at a price nobody will pay. They are jungles."

In 1837—the very worst year possible—Illinois had set aside \$11,000,000 for some sort of railroad to go down to the Ohio and west to the Mississippi. Of this \$3,500,000 was to go to the Cen-



The Great Central railroad station completed in Chicago in 1856 was an architectural triumph and won much comment



"Difficulties were increased by whisky in the camps. Drunken frolics ended in riots. A contractor was murdered and state troops called out." A sketch of an early railroad riot

for Economical Transportation



"We believe the Six-Cylinder Chevrolet is the most economical automotive equipment we have ever operated" - HORLACHER DELIVERY SERVICE, INC.
PHILADELPHIA, PENN.



Sedan Delivery **\$595**

Light Delivery Chassis **\$400**

1½ Ton Chassis **\$545**

1½ Ton Chassis with Cab **\$650**

All prices f. o. b. factory,
Flint, Michigan.

WITH their own actual cost records covering a wide variety of motor trucks to guide them in their selection, the Horlacher Delivery Service, Inc.—one of the largest fleet operators in Philadelphia—have standardized on the new Chevrolet Six-Cylinder Trucks for all service up to 1½ ton capacity.

Chevrolet's outstanding appearance, its fine six-cylinder performance, as well as its remarkable economy of upkeep and operation, are the reasons given by the Horlacher Delivery Service, Inc., for their preference for Chevrolet six-cylinder trucks.

Visit your Chevrolet dealer today. Learn for yourself, from an actual trial load demonstration, how much better, faster and more economically these new six-cylinder trucks will do your work.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN
Division of General Motors Corporation

A SIX IN THE PRICE RANGE OF THE FOUR

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tral Illinois. But after \$500,000 was spent on surveys, the project came to a dead stop. There was no more money from the state or from any other source.

In 1851, after 14 of the most desperate years Illinois ever knew, a new company was granted a charter to go ahead with a grant of public land assigned from the Federal Government to help railroad construction. To get its land pat-

Orleans paying transportation to Illinois but, when the cholera epidemic broke out the men deserted like frightened sheep. Men at work one day were in their graves the next! In Peru, 130 died in two days.

"It was dangerous during the summer to eat beef, butter, or drink milk. Our difficulties were increased by the grogeries and whisky that got into our

sank in the lake where it lies stranded with waves breaking over it. Work at a standstill for ten days in December, because of snow and ice. Twelve snow plows useless. Engine off track. Two of our Irish workmen shot by groggery gang. Cholera has broken out again."

Simply acquiring a land grant did not iron out all troubles for the Illinois Central. Chicago gave right-of-way of 200



FROM LESLIE'S WEEKLY

A reception in Chillicothe, the ancient capital of Ohio, of guests from the southern states on their way to attend the opening of the Ohio and Missouri Railroad. Only land grants made completion of these lines possible

ents in full the company must complete a railroad from Chicago to Cairo and to a point on the Mississippi by 1856. This would link both the Ohio and the Mississippi to the Great Lakes.

It was completed on time, 705 miles of rail, the longest railroad, as orators proudly boasted, in the United States at the time; but how dull such a fact reads compared to the real work done by men on the job.

Rails had many hardships

CHOLERA and malaria were epidemic all through 1853. I quote from the first survey engineer's report:

"We traveled over unbroken prairies . . . On May 21, 1852, the first passenger train from Detroit entered Chicago, using the Illinois Central track by a temporary track over the prairie to the east of Michigan Avenue. Going south, we traveled 40 miles without seeing a house of any kind. There were no settlers within 20 miles of Chicago.

"The road was completed from Chicago to Kankakee and from Mendota to Bloomington in 1853. Our laborers numbered from 5,000 to 8,000 men. We had to recruit in New York and New

Orleans. Drunken frolics ended in riots. A contractor was murdered and state troops were called out. One hundred and fifty laborers left in a body after the riot. Notwithstanding every effort to drive out purveyors of whisky, they menaced our work and followed every camp."

Iron rails were brought from England by way of New York, the Hudson, the Erie Canal and the Lakes. They were also brought from New Orleans. Locomotives were sent from the east, but most of the cars were built in Illinois. On December 28, 1855, a telegram was sent to New York announcing the completion of the main line.

The Illinois Central had beaten the time requirements to get its land grant patents by just three days.

So much for the construction engineer's story.

Now read from the conductors of the various links as they poked their trains across the prairies.

"Two engines delayed 24 hours while engineers and firemen went off on a drunken spree. Northbound freight ran into a drove of cattle, went down an embankment. Nine cars went with it. Engine 72 went off a trestle and

feet along the Lake Front but in return the railroad had to protect the city from encroachments by the lake. The company wisely acquired, at a cost of \$250,000 for purchase and \$500,000 more for lake protection, still more water frontage. This unwavering faith gave it a tremendous advantage in Chicago as the city grew.

Cobden, the great English free trader, was one of the English financiers whose backing helped to build the Illinois Central. Lincoln was one of its attorneys, as he was for several of the Chicago roads at this period; and many a racy story is now coming to light of his experiences with the roads.

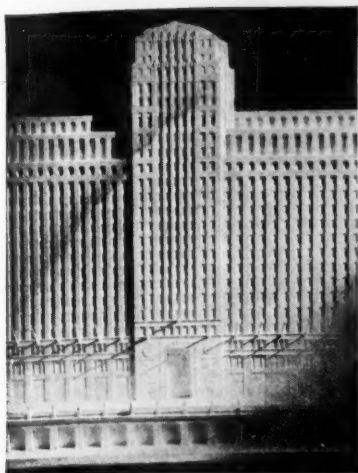
Lincoln got his fee

IT IS related how, when Lincoln had once charged a fee of \$2,000, a fussy official answered, "Why, Sir, this is as much as Daniel Webster himself would have charged. We cannot allow such a claim."

Why shouldn't a frontier attorney charge as much to win a case as a more famous pleader?

Lincoln took back his bill, raised it
(Continued on page 222)

When Big Business Buys Floors



The WORLD'S LARGEST BUILDING
Merchandise Mart, Chicago

FIVE million square feet of concrete floors, laid in accordance with the specifications of the Master Builders Company to render them hard, smooth, dustproof so long as the building shall last. Two types of Masterbuilt Floors used, one for severe service areas, one for all other areas to carry ordinary commercial traffic.



The WORLD'S LARGEST AUDITORIUM, Atlantic City

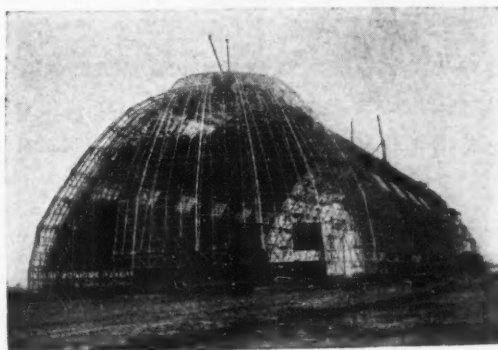
Two hundred and fifty thousand feet of beautifully colored concrete floors, laid in accordance with the specifications of the Master

Builders Company to assure permanent color and a surface that will withstand severe foot service. The coloring is in rich duotones.

The WORLD'S LARGEST AIRCRAFT HANGAR

Goodyear Zeppelin Hangar, Akron

The floors in The Goodyear-Zeppelin hangar, to house the largest airships in the world, are being Masterbuilt to give repair-free heavy duty service



Scientific floor purchasing is based on performance studies. Masterbuilt Concrete Floors have rendered uninterrupted expense free service for nearly twenty years in dozens of plants. Big business buys Masterbuilt Floors because it *knows* which is the lowest in first cost, per year cost, and highest in service. Ask your engineer to send for and check up the facts in "*The Fifth Ingredient*", the latest book about Masterbuilt Floors.

THE MASTER BUILDERS COMPANY, Cleveland, Ohio
Sales Offices in 110 Cities Factories at Cleveland, Ohio; Buffalo, N. Y. and Irvington, N. J.

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Lucky Babies

LUCKY indeed is the baby who has a mother wise enough to follow the doctor's advice—"Bring the baby to me when he is six months old and let me protect him against diphtheria. That is one disease he need never have."

Last year more than 100,000 children who were not inoculated had diphtheria. About 10,000 of them died—an average of more than one every hour of every day in the year.

Will 10,000 innocents be sacrificed next year because some doctors have failed to warn mothers or because mothers have forgotten their doctors' warning?

Prevention of diphtheria through inoculation with toxin-antitoxin should not be confused with treatment of the disease by means of anti-toxin. The latter is a cure—the former prevents.

This disease has practically disappeared in many cities where the people have backed their health authorities in preventing diphtheria by inoculation with toxin-antitoxin. But diphtheria finds its victims wherever people have been misled by false reports as to the alleged danger of inocula-

Even when diphtheria is not fatal, it frequently leaves its victims with weakened hearts, damaged kidneys, ear trouble, or other serious after-effects. The majority of deaths from diphtheria are of little children less than five years old. If your child, so far unprotected, has not been stricken by this arch-enemy of childhood, your good fortune is a matter of luck—not precaution. If he is more than six months old, take him to your doctor without delay and have him inoculated.

Diphtheria can be prevented by simple, painless inoculation which is lasting in its effect. Call up your doctor now and make an appointment.

tion or have not learned to seek the protection which inoculation gives.

The Metropolitan Life Insurance Company will gladly cooperate through its local managers, agents and nurses, with State or city authorities to stamp out diphtheria. Detailed reports showing how various cities organized their successful campaigns for "No More Diphtheria" will be mailed free of charge. Ask for Booklet 119-U



METROPOLITAN LIFE INSURANCE COMPANY
 FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

**While the rest of you are eating
he will make some good jokes**



Confessions of a Spellbinder

By LABERT ST. CLAIR

ILLUSTRATIONS BY J. D. IRWIN

THIS is a day of confessions. We have them from the shop girl who writes *The Heartthrob* Editor that she petted with her Boy Friend (did I do wrong?) to the society matron who confesses (for a price) that Bleacho face wash carries her through.

Hence, why not the confessions of a public speaker? I ask you, and true to the profession, await no answer but go right ahead confessing.

The most encouraging statement I can make to the listener is that the life of a public speaker is not always a happy one. But, let me add hastily, it is not so unhappy that in our lifetimes will there be any shortage of speakers. They will increase but they will suffer. Good!

Divine justice has seen to it that those who talk most shall suffer most. The professional orator has a particularly tough time. He makes long jumps on uncomfortable local trains, sleeps on anything from a trapeze to a mattress stuffed with cocoanut shells, reaches home only for marriages and funerals, grieves his heart out because his best jokes never get a laugh and his worst ones knock the customers right out of their seats, and finally dies as disillusioned, probably, as a night watchman in a deaf and dumb institute.

The part-time speaker does not fare

so badly, but he has his trying moments, too.

The reason both of them keep at it is perfectly simple. They love to do it.

The unhappiest moment in any speaker's life is when he fails to "get" his crowd at the outset of his talk. Every speaker can tell within three minutes after he starts talking whether his hearers are with him or not.

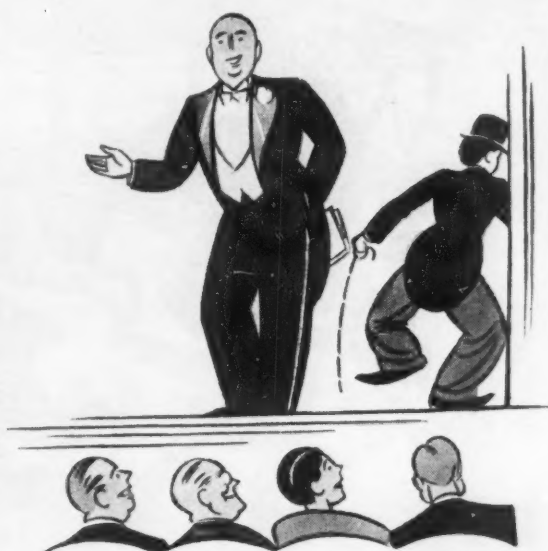
In that period, even though nobody laughs, or applauds, or hisses, he can foresee his fate as readily as if every person in the audience spoke his mind aloud. If the crowd is with him, all is well. But if it is not, all is lost.

Good audiences

EVERY speaker has his favorite section of the country in which to talk. Mine is the Southwest. The crowds there are wonderful. They are always on their toes, and carry the speaker on to his best.

There is one city in this country that is not

so good. I went there some 15 years ago and delivered the best talk, in my opinion, that I ever made. It had some splendid original thoughts which I had culled from some of the best minds in the country. Each point was well illustrated by an apt story. At least that is what I thought. But the audience did not think so. I spoke for about 25 minutes and never got a tumble from



While I was introducing Charlie he tip-toed out and hid in a stage box

anybody. At the end of the first three minutes I knew the effort was going to be a flop. One of my best stories was received in stony silence. Six others later got the same kind of receptions.

At the end of the meeting the chairman arose and moved a formal vote of thanks to the speaker. It was the most formal vote ever given, I suppose. I never have questioned the judgment of the audience. It probably was right. But I am not going to take another chance on that town.

In the last ten years I have had half a dozen invitations to return there and talk, but I always have been busy elsewhere, and will continue to be.

Scores of other speakers have told me of similar experiences. Theatrical managers recognize certain cities as hard towns in which to win audiences. Albany, Providence and Washington are listed among the cold ones. That is why they get so many shows as try-outs. Speeches may be tried out the same way.

Hard to talk to Congress

MANY members of Congress declare that facing the House of Representatives the first time is the hardest job imaginable. The room is so large, the members and galleries usually so indifferent that the speaker feels highly in-

significant. Many Congressmen never get over the feeling of fright when facing the House. Senators likewise, though experienced talkers, always dread making maiden speeches.

Probably the most harrowing and frequent experience of a speaker is that of listening to long introductions of himself. The awful part of it is that the man who presents the speaker seldom knows anything about him until a few minutes before the introduction is made. Then he hastily makes a few notes and does his worst. It usually is an oration of about a half an hour in which he either covers the ground the speaker plans to cover, or else says nothing whatever about the speaker to come. Thus the audience is either worn out or left entirely in the dark as to what the meeting is all about.

I once attended a meeting in Washington, Pa., where a local politician devoted 55 minutes to introducing Senator Hiram Johnson of California to a crowd. The Senator had only an hour between his trains and all that he could do after the chairman got through was to make a bow and dash for the depot.

It is not unusual for a chairman to devote ten or fifteen minutes to telling about the marvelous ability and wide reputation of the speaker and then flounder when he comes to his name. The famous preacher who delivered an eulogistic sermon over a corpse and

later had to inquire the victim's name undoubtedly got his early training in introducing public speakers.

Interspeech hiatuses

TALKERS for years have tried to devise some fitting opening remarks for use after one of these horrible occasions. Most of them long since have given up. They simply squirm and suffer in silence, hope for the best and plunge into their remarks when the chairman either voluntarily finishes or collapses from utter exhaustion. However, one speaker Robert M. Hutchins, the 30 year old youth recently elected president of the *Chicago University*, effectively turned the tables on such a chairman recently. After the chairman devoted 30 minutes to coating Hutchins with an unprecedented amount of banana oil, he arose and said, very seriously, in effect:

"Those introductory remarks were absolutely correct in every particular."

Then he plunged into his speech.

The most disconcerting thing that can happen to a speaker is to have people walk out on him. In his heart he always hopes that the man who is going out has received word that his house is burning down, or some other message making it absolutely imperative for him to depart.

My worst experience of this kind came



Just as I began my remarks a tornado came up; flivvers were overturned horses ran away. Nobody stayed but the chairman and myself

SALES COSTS

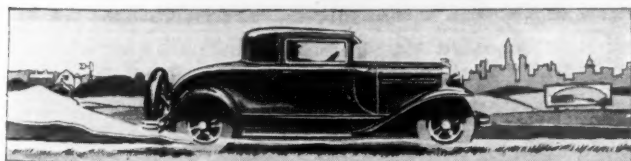
drop

when you turn "expense time" into "income time"

LIKE thousands of other executives, you are constantly seeking ways to cut sales and distribution costs. But has it ever occurred to you that to an important extent, this is a question of how your salesman's time is used—a problem of turning his "expense time" into "income time"?

Think of sales costs in these terms and you'll see how important it is to reduce "expense time" or the hours consumed by the salesman in getting from one customer to another. For that means a big increase in the "income time" he spends face to face with those who buy your product. And here is where the selection of the *right* automobile comes in for serious consideration.

Recognizing this, hundreds of executives have turned to Pontiac Sixes. For experience has



taught them that the salesman who travels in a Pontiac has the kind of fast, reliable and economical transportation that turns "expense time" into "income time."

Thousands of salesmen have themselves testified to Pontiac's outstanding performance and dependability. Companies, too, testify to Pontiac's outstanding economy for business purposes. One manufacturer using a fleet of thirty-six Pontiacs shows a saving of \$5383.33 in repair costs alone—another public utilities company showed Pontiacs to be operating for over one cent a mile less than all other sixes—still another food products company, by the adoption of Pontiac, cut transportation expenses \$21,760 in one year alone.

Let us tell you about the important new features of advanced engineering design which make today's Pontiac Big Six still more reliable, longer



lived and more economical than ever. A letter to the Fleet Department at the factory will bring you complete information. We will also furnish our Fleet Owners' Plan and the Fleet Executives' Book, "Experiences of Various Companies in Handling Automobiles with Salesmen," which every sales executive and fleet owner will find to be worth his careful attention.

Pontiac Big Six, \$745 to \$895, f. o. b. Pontiac, Mich., plus delivery charges. Bumpers, spring covers and Lovejoy shock absorbers regular equipment at slight extra cost. General Motors Time Payment Plan available at minimum rate.

Consider the delivered price as well as the list (f. o. b.) price when comparing automobile values . . . Oakland-Pontiac delivered prices include only authorized charges for freight and delivery and the charge for any additional accessories or financing desired.

OAKLAND MOTOR CAR CO., PONTIAC, MICH.

PONTIAC

BIG SIX \$745

PRODUCT OF GENERAL MOTORS

AND UP

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one night in Wisconsin. I was talking in an open-air pavilion. As the chairman introduced me, a windstorm came up. At the beginning of my remarks, the wind blew so furiously that nobody could hear me and before I had progressed two minutes, part of the roof of the pavilion was ripped off, benches began flying through the air, flivvers were overturned and horses stampeded. Within a few minutes practically no one was left in the pavilion except the chairman and myself. We then adjourned the meeting without date. That was one audience, I felt, that Demosthenes could not have held.

The hardest crowd in the world to address is one composed of children. Every time I talk to a group of children I vow to take up juggling as a side line so I can hold their attention.

Once in Washington, desiring to give a group of a thousand children a special treat, I imported, at considerable expense, Riley Wilson, the funniest man that vaudeville ever knew. Oftentimes I have seen him hold audiences of adults for three hours with his side-splitting stories. He talked 30 minutes to this group of children, ranging from 12 to 17, and never got a laugh.

There is a good deal of fake about extemporaneous speaking. The best talkers are always preparing. Whenever they get into a group of more than two persons, especially at a table, they expect to be called upon and are getting ready. They are just like firemen that way. The clever public speaker never says "that reminds me," but it does nevertheless. He always has been reminded anywhere from 15 minutes to three days before being called upon.

When Atwood battled for Bryan

JOHN ATWOOD, a Kansas City attorney, is one of the readiest public speakers I ever have known. Years ago in a Kansas City park I saw him entertain a crowd for almost five hours, single-handed. He had been selected to introduce William Jennings Bryan who was to arrive at 7:30 p. m. Bryan's train was delayed, so Atwood mounted the platform to explain the situation. Since he was on the platform, he said, he would say a few words about the tariff, the glorious State of Missouri, or some other subject that had nothing to do with the case.

Then he started in. After he had talked for about an hour, he announced that he was ready to stop. The crowd was opposed to that so he made the novel proposal that he would talk for periods of five minutes on subjects to

be suggested by the crowd. Accepting him at his word, the crowd, over a period of almost four hours suggested almost every subject under the sun, and Atwood discussed them lucidly and humorously. When Bryan finally arrived around midnight, his audience was having such a good time that it didn't want Atwood to stop.

I address the colored Baptists

THE most unusual impromptu speech I ever made was to a colored Baptist convention in Chicago. I had gone out to report the proceedings for a Chicago newspaper and for some reason the speaker of the day failed to show up. The chairman of the meeting somewhat surprised me by announcing that inasmuch as the speaker had not arrived, he was going to call on me for a few words.

Never having been asked to address a colored Baptist convention before, I was somewhat at a loss for remarks. My recollection is that I took a firm stand for the Golden Rule and deeper dipping for penitent sinners.

How far to go in the use of humor is a perplexing problem with every talker. Clever stories help illustrate the points, but most audiences will remember the funny story and forget the point. This was the fate of the late Vice President Marshall. He told funny stories solely to drive home sound arguments. Today his anecdotes and epigrams, including the famous one about "What the country needs is a good five-cent cigar," live, but his really profound thoughts have been forgotten.

There also is the danger that one who tells a funny story occasionally will be called upon unexpectedly to be humorous. Nothing is more terrible than to be ordered or expected to make some one laugh when that is not the purpose the speaker has in mind.

A friend of mine who is a good talker and who occasionally sprinkles his remarks with anecdotes, recently received an invitation to a rather large dinner party, composed of persons whom he did not know. He did, however know the hostess. While he was pondering over the reasons for his presence, the hostess suddenly stood up, rapped the table in the approved manner of a toastmaster and said:

"I have an unexpected treat for you this evening. I have invited as one of our guests, Mr. Smith, who is just as funny as he can be. While all of the rest of you are eating, he will tell you some funny stories and good jokes."

Then, to the utter amazement and

horror of my friend Smith, the hostess turned to him and continued:

"Now, Mr. Smith, to start things off right, make a joke about a chair!"

All speakers are on the lookout for original stories, and it is amazing how few they find. You will hear the same story again and again in different parts of the country.

People will tell you in all seriousness not only that the story is true but that Bill Jones, one of the home boys, is the original character in it.

Recently I talked in a northwestern state and referred to George W. Peck's advice to farmers to raise elephants instead of hogs because there was greater demand for them. The next day I called on a local dentist who passed off Peck's witticism to me as that of a local character.

The radio has brought a lot of new talent into the luncheon field. Hence speakers must divide their time with variously assorted entertainers. The chairman of a meeting I was to address last spring generously yielded up five minutes of my time to a radio broadcaster who was imitating a hog caught under a fence. The chairman apologized, but explained that the imitator was going pretty good and he wasn't so sure about me. At that I think he was right.

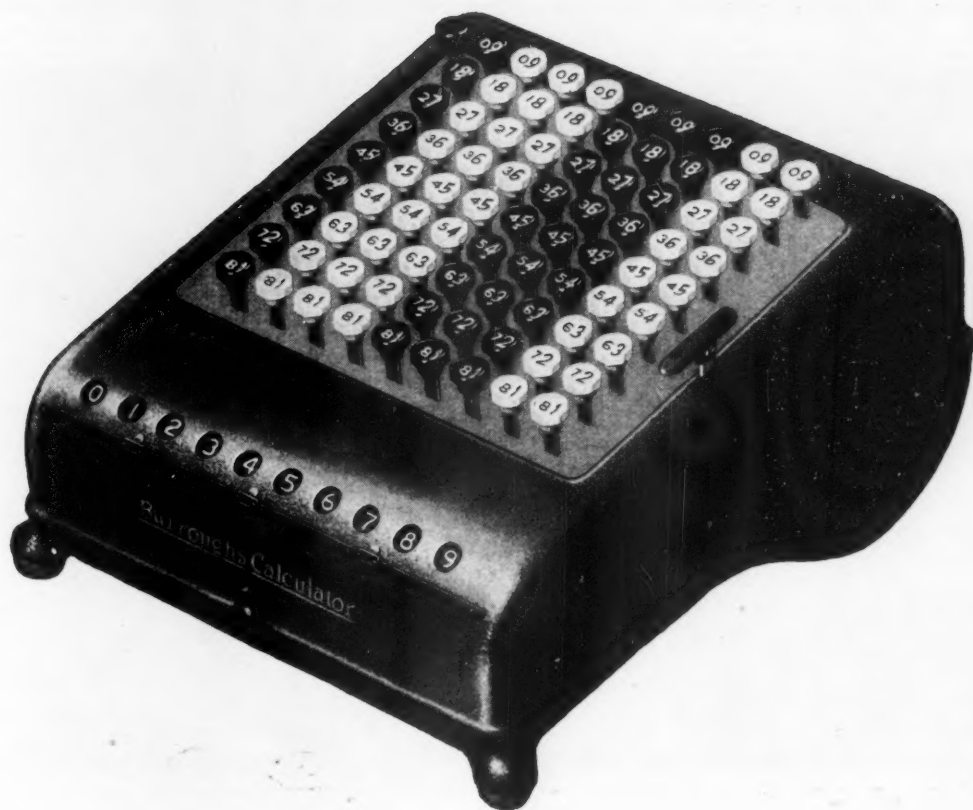
A question without an answer

AN unidentified individual gained my profound respect one night at the Pen and Pencil Club in Philadelphia. I was suddenly called upon to talk and, admittedly, had little to say. This was apparent to a slightly inebriated gentleman, who, arising to his feet, demanded what excuse I had for talking. The chairman said that he was unable to answer the question, but was willing to leave it to me. Believing that there was merit in the positions of both gentlemen, I made it unanimous to quit. Prolonged applause followed, without my identity being revealed to the crowd.

On various occasions I have pinch-hit for speakers who could not appear. Two years ago in Indianapolis, I addressed a banquet under the name of a nationally known friend of mine who was unavoidably delayed in Dayton, Ohio. He heard himself presented and his speech made over the radio.

Once I presented Charlie Chaplin to an audience and he tiptoed off the stage without my knowledge in the middle of my remarks. Of course this created great merriment, all of which, I learned, too late, was not due to my introduction. I found Charlie hiding in a box on the stage.

Burroughs



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For Computing Inventories

A fast electric calculating machine with a light, uniform key touch that speeds up the work, and eliminates errors ordinarily due to the incomplete depression of the keys.

It completes the inventory in less time and at less cost, minimizes interruption of the current work and cuts down overtime.

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In this Year's ENTERING CLASS



EACH autumn freshmen throng the campuses of America—thousands of them at some of our larger universities—an eager army of young people moved by that keen desire for education that has become a major instinct in modern life.

They are the fortunate ones. But what of the millions of boys and girls who never reach college—the ninety-eight in every hundred who are forced by need and circumstance to drop out along the way? Must they be denied forever the advantages of cultural and technical training that count so heavily toward success?

In answer we would have you look for a moment at another entering class—the *hundred thousand* men and women who will start their studies with the International Correspondence Schools this year.

They are of all ages, all conditions, all degrees of learning. Some are office boys and apprentices in their teens. Some are

prosperous, forward-looking executives, coming to us for specialized work in some phase of business or industrial management. The great majority are young men with family responsibilities, bent on winning a higher standard of living.

Forty-five per cent of these I. C. S. students left school by the end of the grades. Forty per cent have had some high-school training, and nearly thirteen per cent, in the most recent analysis, have had the privilege of at least a partial course in college, university or technical school. There are a few who have never had any form of schooling, yet are courageously mastering the rudiments of an education.

It would be a glorious sight—this entering class—if all its members could be assembled for a calling of the roll. But it is more inspiring still to vision them as they actually are, in cities and villages, on farms and ships, in offices and

shops and mines—all working earnestly and with a common purpose.

For thirty-eight years the International Correspondence Schools have held out to ambitious men and women an opportunity for education, regardless of their circumstances, their scholastic attainments or the locality in which they live. "The School of the Second Chance," it has been called, and such it has proved itself for nearly four million students. The schools and colleges of America strive to prepare those in their care for useful lives. And the International Correspondence Schools, in their distinctive field, are constantly seeking to improve and extend the practical service which has made them by far the largest educational institution in the world.

If you are interested in learning more about the International Correspondence Schools and their methods of instruction, write for the booklet, "The Business of Building Men."

INTERNATIONAL CORRESPONDENCE SCHOOLS

FOUNDED 1891
SCRANTON, PENNSYLVANIA

MEMBER, NATIONAL
HOME STUDY COUNCIL

When writing to INTERNATIONAL CORRESPONDENCE SCHOOLS please mention *Nation's Business*

THE columns of the Treasury on the west and the Capitol on the east stand in solemn solidity guarding the most historic street of the Nation



HORYDCZAK

Looking On in Washington

. . . . "My business in this state
Made me a looker on here in Vienna."

—Vincentio in *Measure for Measure*.

Paradoxes of Conservatism

THE different sorts of contributions made by different sorts of statesmen in Washington to the weal or woe of business are surely among the most attractive and compelling spectacles afforded by the Capital City to the looker-on. It might be imagined off-hand that statesmen of business experience and of wealth would be continuously amenable to immediate business ideals and that statesmen of moderate means would be steadily conspicuous among the revisers and reformers of the wealth which they do not share. No such easy rule, however, seems to fit and to fashion the

chaotic pageant of the American legislative and administrative process.

THE TWO most famously wealthy men of the Senate are the Senior Senator from Michigan, Mr. Couzens, and the Junior Senator from New Mexico, Mr. Cutting. Among the most moderately circumstanced of senators, on the other hand, are the Senior Senator from Indiana, Mr. Watson, and the Senior Senator from New Hampshire, Mr. Moses.

It may be indelicate, but it is necessary to this analysis to remark that the Senior Senator from Indiana and

the Senior Senator from New Hampshire are not prevented by vast loads of stocks and bonds from lifting up their eyes to the pure heights where dwells the dawn of the future and where shines in all its stalwart effulgence the capital "P" of Progress. Yet Mr. Watson and Mr. Moses, in their (as it might seem to Mr. Couzens and Mr. Cutting) penury and squalor, are found generaling and captaining the forces of "The Old Guard," while Mr. Couzens and Mr. Cutting, in their chariots of solid gold, are frequently to be observed driving furiously on the left wing of the forward-looking force of Progressivism.

INHERENT temperament, physical or psychological, seems really to be a fac-

tor in life in addition to the fullness or the emptiness of one's bank account. It is presumably no drastic emptiness of bank account that has led Owen D. Young, chairman of the board of the General Electric Company, to declare that the day will come when capital, as capital, will no longer in detail control our industries but when our industries will merely borrow capital at a market rate and then, through their own working personnel, control and govern themselves.

That idea, if expressed by some of our senatorial masters of crudity and crassness of language, would draw down upon their heads the imprecations of every citizen possessed in fee simple of a bungalow and one share of Chico Copper. Stated by the chairman of the board of the General Electric Company with his fairly well-known repugnance to revolution but with his equally well-known disposition toward forecasting evolutionary sound business developments, it is received with world-wide calm and deference.

AS A looker-on, I am accordingly not much bothered by the presence or absence in a statesman of business experience or of capital gains. There is a member of President Hoover's Cabinet who has spent his life as a teacher of science and as a head master of an institution of higher academic learning. That Cabinet member is Dr. Ray Lyman Wilbur, Secretary of the Interior.

From him, a schoolman, what of practical profit could business expect? Yet Dr. Wilbur, in his recent negotiations and settlements in the Kettleman Hills oil and gas field of California, has perhaps accomplished the supreme business stroke of this administration.

BY those settlements numerous oil producers agree with the Government, as an owner of oil land, to enter upon a program of "deferred development" and "postponed production."

The net outcome of such a policy is manifestly toward a scientific restriction of excessive production and a consequent possible stabilization of supply and of price. It constitutes an example which the state authorities of California may be able to follow with success in a cooperation with private interests for the checking of waste in oil and gas and for the preventing of a supply unduly large and a price unduly unprofitable. It is the first strong governmental lead toward the "rationalization" of oil production. It is the accom-

plishment of a gentleman clothed in an academic gown.

IN OTHER words, whether we worship or do not worship the capital "P" of Progress, we all observe a virtually continuous change in the conditions of our lives and of our livelihoods, and we cannot possibly predict whether the instant promoters and mechanics of that change will arise from a soap box, or from a physiological laboratory (like Dr. Wilbur), or from a chemical laboratory (like James Ramsay MacDonald), or from the headship of a vast industrial agglomeration of brains and dollars.

For an upriser from that last named situation, there is much to be said in admiration and in awe of Alexander Legge, formerly president of the International Harvester Company and now chairman of the Federal Farm Board.

IT IS SAID that the President made an apt and sympathetic remark to Mr. Legge when Mr. Legge had concluded his several days of torture by the inquisitors of the Senate Committee on Agriculture. Those inquisitors examined all of Mr. Legge's mental and financial joints, and expressed contempt and insult for each of them in turn.

When Mr. Legge had dragged his shattered frame away from the Senate Office Building and back to the executive region of the town, the President is said to have told him that now he could regard himself as having been really formally initiated into the service of his country.

Torture by a Senate committee, thought the President, was a sort of indispensable preliminary to the admittance of a private citizen to the Indian tribe of executive and administrative braves. He undoubtedly recalled that his own induction into the public service of the United States, in 1917, when President Wilson was about to make him United States Food Administrator, was to be carried before a Senate committee and assailed as the equivalent of a chicken thief for three days running.

Mr. Legge, as an endurer of torture, was the most valiant and the most self-possessed candidate for the sorrows of office that I myself, in the course of 12 years in Washington, have ever looked upon. If he had been in public life 40 years, he could not have borne himself with more fortitude or with more address.

THE fundamental funniness of the whole occasion, however, lay in the ap-

parent obliviousness of all present to the genuinely far-reaching economic change toward which the operations of the erstwhile president of the International Harvester Company, as chairman of the Federal Farm Board, are moving.

The Federal Farm Board is engaged, for instance, in striving to organize all the grain producers of the United States into one consolidated cooperative entity which will own country-side grain elevators and its own terminal-market storage warehouses and its own central selling agencies and which will finally control the farmer's grain output.

What then will happen to the private grain dealers? They manifestly, if the Federal Farm Board's project is carried to completion, will have to fight for their private business lives against a monopolistic grain cooperative backed, as they are not backed, by federal finance.

Is that prospect in harmony with the principles of Mr. Hoover and Mr. Legge or in harmony with the principles of Mr. Brookhart and Mr. Norris? Is it a prospect that will be substantiated? It perhaps will not be. It clearly, though, lies directly ahead. It verifies the truth that in the midst of our most fervent declarations of changeless principles we are always in the midst of change.

CHANGE is now impending in the matter of wired and wireless communications and in the matter of the public utilities which generate and distribute electrical light, heat, and power. It does not come, in its effective form, however, from the Senior Senator and the Junior Senator from Nebraska, the champions of public ownership and operation.

It does come from that supereminent business man, the Senior Senator from Michigan, Mr. Couzens.

It seems sad, in a way, that while business is so successfully defending itself against the god worshipped by Mr. Norris and Mr. Howell, and while public ownership and operation of public utilities and of intelligence transmission systems (by wires or without wires) is so successfully withstood and thwarted, there should be a run around the end by Mr. Couzens with his bill for a "Communications and Power Commission" in the fast meshes of which our interstate purveyors of wired or wireless intelligence and of light and heat and power will be gathered for regulation into the everlasting arms of the Federal Government.

It is still sadder to know that Mr. Couzens' bill was at first only a bill for
(Continued on page 110)

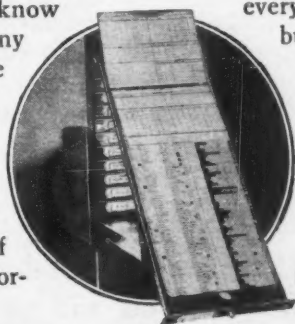
"We know more about our business now in a minute...



than we used to know in a month!"

"REMEMBER how hard-to-get-at our records used to be? Every department had its own ideas, and they were all over the place—in books, in old fashioned card files, in folders piled up on individual desks. But that's all over now!

"These Acme Visible Records have put every department right up on its toes. They all know now that we can put a finger right on any spot in the organization any minute of the day—and have a complete check-up on any department in a flash. We've got just half the number of file clerks we had before; the Acme Records take just half the time to keep—and they're costing us just half as much to operate. Half the time! Half the money! And more information—quicker!"



Successful business men the country over know the necessity for having accurate records of sales, purchases, collections, production, inventories—all the thousand and one necessary details of modern business—up to date, and available at instant notice. Acme Visible Records fit the need of every business, in every department. Their story is visible to the business man at a flip of the finger, and it isn't last month's or last week's story—it's today's!

There's a new Acme book called "Profitable Business Control," that tells, clearly and concisely just what Acme Visible Records have done, and can do for any business! It is a book *you* will want to read. Send the coupon for it, and it will be mailed to you with no obligation whatever.

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The Mercator chart, designed primarily for navigation, is not a true picture of the earth. Efforts to picture, for instance, density of population, would be inaccurate on such a map

The World Sits for Its Photo

By ALFRED P. RECK

AMERICAN business literally has changed the map of the world. It has forced the creation of a new flat map, correct in areas and distances, with each square inch representing an equal number of square miles.

World maps play an important part in the work of American exporters and business men. They are used both as records and references. A large wall map showing political boundaries, towns, steamship and railroad lines, ocean distances, fueling stations, cable and radio terminals, provides valuable information at a glance.

Business houses map their development and sales campaigns much as an army maps its field operations.

In the past most of this planning has been done on the Mercator map—named for its Portuguese originator and more properly called

"Mercator's Projection." This map is wholly unreliable as a business chart because it distorts land and water areas.

This distortion is not accidental. It suited Mercator's purpose, which was to picture the curved surface of the globe as a flat surface so that navigators could chart their courses on straight lines.

To do this he straightened the par-

allels of latitude and made the meridians, which meet at the poles, parallel to each other. The result is an increasing distortion as the distance from the equator increases. For convenience to navigators figuring distances he also distorted his north and south scale correspondingly. As a result, the scale of miles on a Mercator chart is variable, a pictured mile on the equator of his projection being much shorter than a mile nearer the pole.

A glance at the Mercator map shows the United States apparently twice as large as Brazil, although it really is somewhat smaller. Europe approximately the same as these areas, appears about twice as large as the United States and about four times as large as Brazil. Africa, actually 50 per cent greater in area than North America, looks considerably smaller.

These inaccuracies of land and water areas make it almost impossible to make a correct picturization of distribution on the old-style map. It is impossible also to compare areas or distances.

Dots or symbols representing produc-

★
A STRAIGHT LINE is the shortest distance between two points and yet Lindbergh, flying to Europe, chose "The Great Circle" route because it was most direct.

Even to persons not flying to Europe such geographical paradoxes are important—especially those mapping sales campaigns or expansions



... WHEN THE CHIEF'S ALOFT!



Aerial view of Concrete, on Baker River, Washington. . . . In a Ford tri-motored, all-metal plane, you can put a vast field of varied operations either into the perspective of a small relief map or a large close-up. The earth may be studied leisurely and safely from an elevation of 15,000 feet, or with swift comprehensiveness at 150 feet. . . .

Features of Ford Plane

All-metal (corrugated aluminum alloys)—for strength, uniformity of material, durability, economy of maintenance, and structural safety.

Tri-motored (Wright or Pratt & Whitney air-cooled engines, totaling from 900 to 1275 horsepower)—reserve power for safety.

Speed range—55 to 135 m. p. h.

Cruising radius, 580-650 miles.

Disposable load—3670 to 5600 lbs.

High wing monoplane (single, stream-lined, cantilever wing)—for strength, speed, inherent stability, visibility, clean design. . . .

17 capacity (including pilot's dual-control cabin)—Buffet, toilet, running-water, electric lights, etc.

Durability—Uniform all-metal construction is insurance against deterioration.

Price, \$42,000 to \$55,000 (standard equipped at Dearborn)—Exceptionally low because of multiple-unit on-line production methods.

THE broader and more diversified the field, the more lofty should be the point of supervision! . . . Telephones, stock-tickers, fast automobiles and railroads, telautographs, and radios are utilized to the utmost to maintain supervision and control. *But nothing gives the high executive so comprehensive and clean-cut a picture of field operations as an airplane.*

The character of a city may be judged accurately from the air by a comprehensive view of its industries, its traffic, its communications, its buildings and suburbs. Entire railroad systems may be inspected in a day from the windows of the conference chamber itself. Extensive dams and other industrial works, taking on proportions of toys, may be studied as critically as perfect scale models. . . .

That is chiefly why such great industrial organizations as Standard Oil of Indiana, Standard Oil of California, Curtis Publishing Company, the Texas Company, and Reid Murdoch Company are using Ford tri-motored, all-metal planes as flying executive offices.

Railroad executives, tax assessors, oil men, lumber operators, prospectors and surveyors . . . all have special use for Ford tri-motored, all-metal planes. Durability, speed, safety and spaciousness for desks, instruments and living accommodations make the Ford plane an ideal flying headquarters. . . .

The air-minded American public has already accepted the Ford tri-motored, all-metal plane as representing the highest standard of commercial air transport. The highly efficient design is the result of continuous study and experiment. . . . Ford tri-motored, all-metal planes are in regular service all over the United States.

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit



Interior view of one of our customer's planes . . . as clean and stable as a yacht . . . twice as fast as an express train . . . and, when tri-motored, equally as safe.

When writing to FORD MOTOR COMPANY please mention Nation's Business

tion or other facts concerning business volume, and in fact all material on the Mercator map such as cities or political subdivisions, except at the equator, are further apart in all directions than they are on the earth itself.

Travel routes are distorted

FOR THE same reason all air, railroad and steamship routes are too long and too far apart if shown on the Mercator base.

American business houses labored with the old map under difficulties. As America progressed further and further in world trade, the necessity for a correct, equal-area map became more and more apparent. For five years the Department of Commerce, through the cooperation of two of its bureaus, Foreign and Domestic Commerce and the Coast and Geodetic Survey, and Dr. J. Paul Goode, of the University of Chicago, worked and charted to develop a map capable of correct presentation of commercial information.

The new map resulted.

Every square inch on the Department of Commerce map stands for the same number of square miles. All parallels are horizontal, parallel with the equator.

Distances along these are true to scale. So also are distances on the vertical meridian extending north and south through the center of each continent.

The geographers and map makers of the Department took the outside of a globe map, split it, flattened it out and where the gaps appeared they left the gaps instead of filling them in with land and water areas which do not exist.

To avoid excessive distortion of the great land mass of Europe-Asia, it was considered best to split the map close to the boundary between the two continents. In this manner a far better picture of both the correct shape and area is given than by the old Mercator map. In addition, this splitting permits the placing of the Western Continent, with the United States, directly in the center of the map and as the axis of world trade.

Distribution is well shown

THE new equal-area map is well adapted to picture distribution of offices or sales, volume of trade, production of crops or manufactures and for showing cities and countries correctly spaced with reference to each other.

Use of the new map can be explained best by the example of an American exporter concerned with the relative extent of foreign market areas in planning his sales campaigns. With the new map he can instantly estimate the distances between his foreign offices or distribution points and the amount of territory that each one of his salesmen must cover.

Trade facts when shown on the equal-

area map in connection with the area to which they relate often become more suggestive.

Northwestern and Central Europe—an area approximately one-third the size of the United States—consumes several billion dollars' worth of American goods annually. On the Mercator map, this relationship of trade to area is greatly understated.

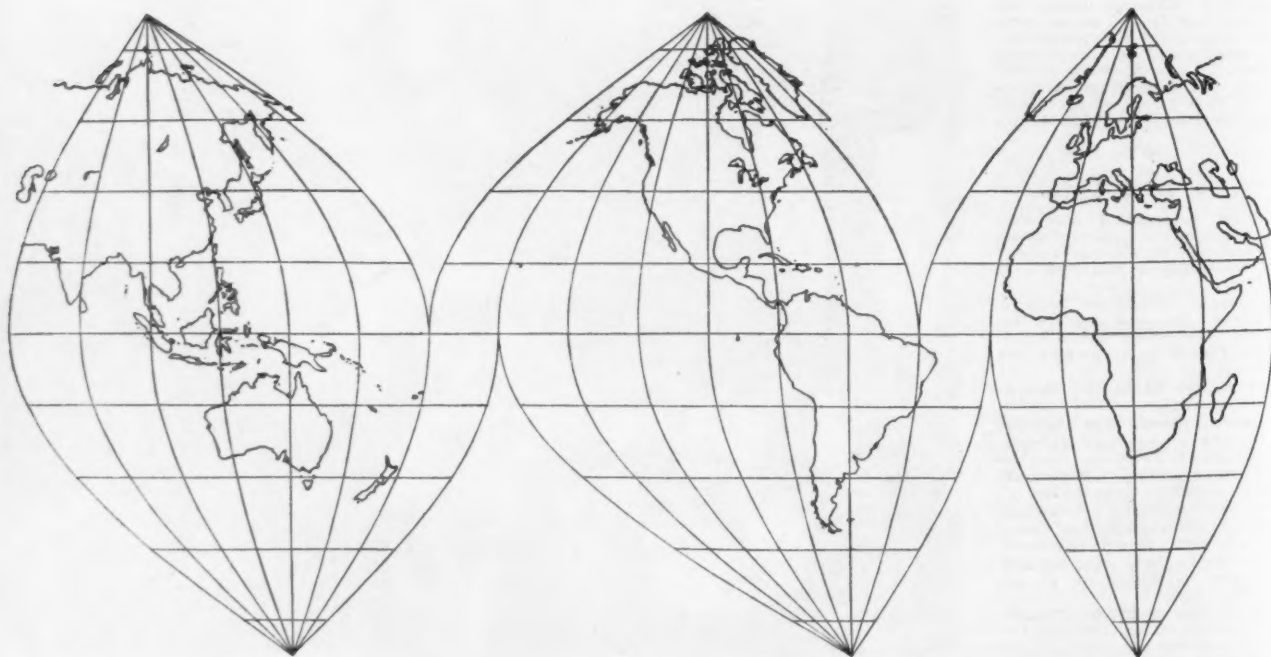
Population density, an important factor in planning sales campaigns, is presented in a distorted picture on the Mercator map. On the old base the density of the most peopled areas is greatly understated.

On the equal-area map, China, India, eastern United States and Europe stand out vividly against the background of less densely populated lands. This striking contrast is largely lost on the Mercator map.

Strategic factors in business

IT IS THESE high lights of distribution—people, oil, textiles, or machinery, or cities, salesmen or air landing fields—which are significant to strategic, constructive thought in world business planning.

On the old Mercator map they are exaggerated and their true proportions are lost. Only on an equal-area map, such as the one developed by the Department of Commerce, can these important facts be presented effectively.



COURTESY UNITED STATES DEPARTMENT OF COMMERCE

Compare the continents on this "equal-area" map with those on the Mercator chart. This is the way the earth's surface would appear to a resident of Mars

BUILDINGS for individual needs in all types and sizes

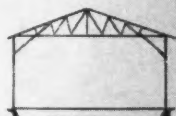
The efficient operations of modern industry and commerce demand buildings of individual design. Whatever your specialized requirements, the large variety of types, sizes and arrangements of Truscon Buildings fits your needs exactly. Truscon cooperates fully with your architect and contractor. ¶ Truscon Buildings are ready for occupancy in earliest possible time, as they are combinations of standardized units including Steel Windows, Steel Doors and Insulated Steeldeck Roofs, which are stocked for immediate delivery. Winter weather does not delay their erection. ¶ Write us about your building. Truscon engineers will study your problem, make recommendations and give definite quotation without obligation to you. Literature sent on request.

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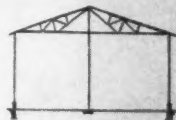
Truscon Steel Company of Canada, Limited, Walkerville, Ontario. Warehouses and Offices in Principal Cities

SERIES "A"

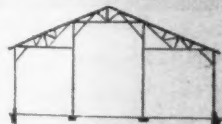
Pitched Roof Types



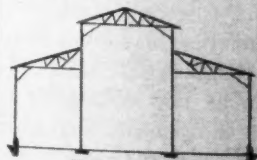
TYPE 1
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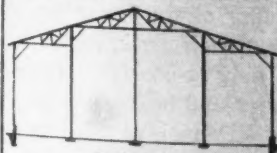
TYPE 2
Two Bays Wide



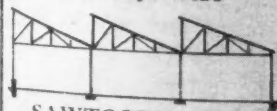
TYPE 3
Three Bays Wide



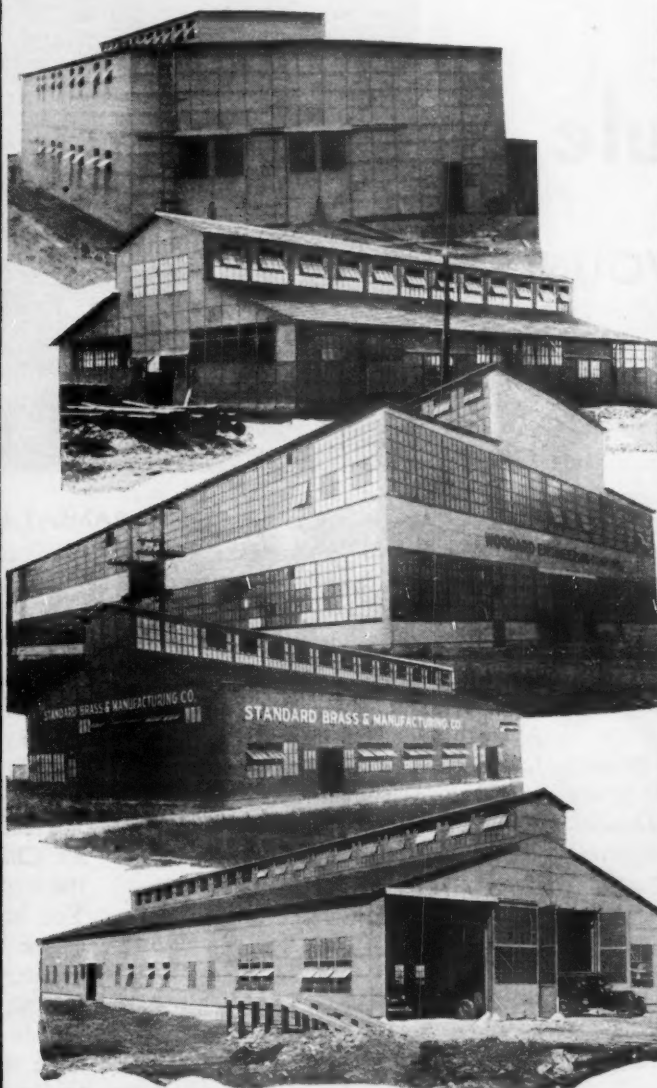
TYPE 3-M
Three Bays with Monitor



TYPE 4
Four Bays Wide

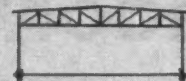


SAWTOOTH TYPE
Any Number of Bays Wide



SERIES "B"

Flat Roof Types



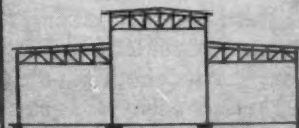
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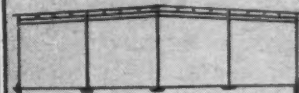
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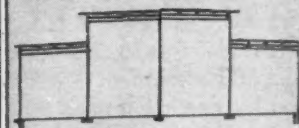
TYPE 3
Three Bays Wide



TYPE 3-M
Three Bays with Monitor



TYPE 4
Four Bays Wide



TYPE 4-M
Four Bays with Monitor

TRUSCON

STANDARDIZED

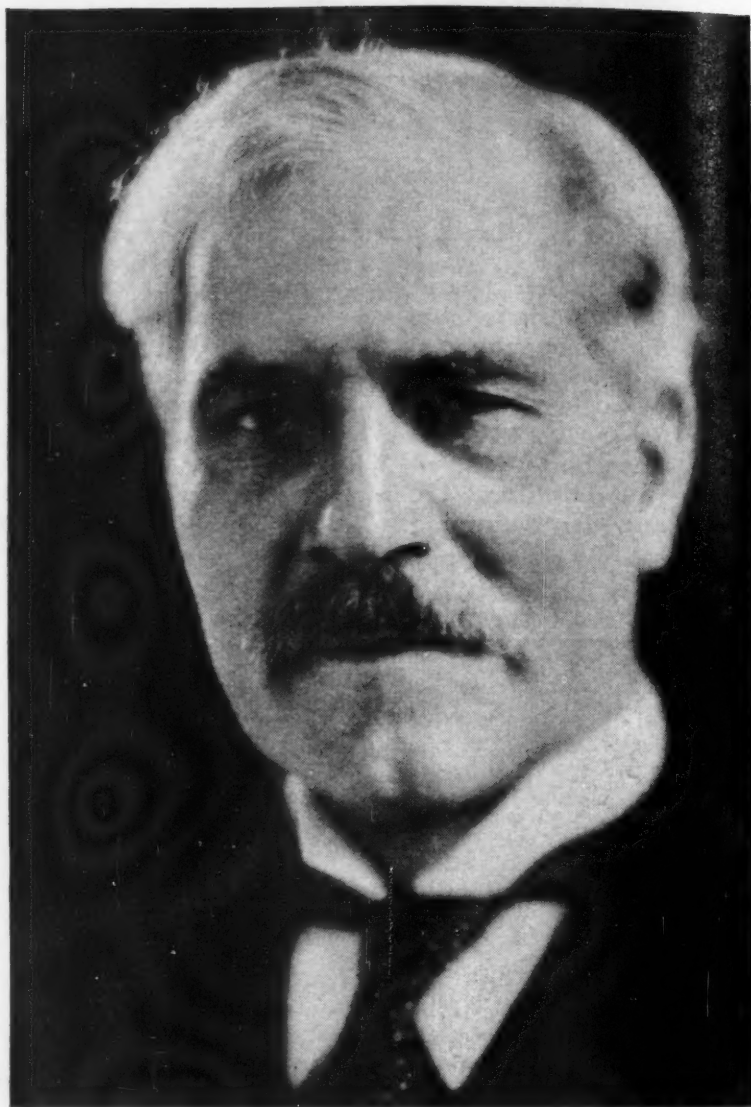
STEEL BUILDINGS

When writing to TRUSCON STEEL COMPANY please mention Nation's Business

- THE author has been a diplomatist 20 years. He headed the Chancery to Lord Bryce when all questions between Britain and the United States were cleared up. He has served the Labor Party in various European crises. His views are those, not only of a diplomat but of a trained observer

Britain Under Labor Rule

By GEORGE YOUNG



UNDERWOOD & UNDERWOOD

PREMIER RAMSAY MACDONALD

IT IS NOT easy within the compass of an article to convey to American minds the course of the very British "revolution" that is represented by the advent to office of the Labor governments of 1924 and 1929. For these governments, both in their personnel and in their policy, are quite unlike anything American.

Take the personnel of the present Labor government. First both in power and position, is Ramsay MacDonald. His power is partly due to the universal European tendency toward "personal government"—which is making a British general election a sort of "premial" election comparable to a presidential election.

It is also due to the tendency toward "direct government"—that is, legislation by executive negotiation with the nationally organized interests of capital and labor, which in the United Kingdom as in the United States is slowly short-circuiting the legislatures.

Mr. MacDonald's position is also due largely to his personality. It is a peculiarity of the English, as of other ruling races, to prefer to be led by a representative of a "minority" race.

Just as the Russians of today are led by Georgians and Jews, or as the Ottoman Turks of yesterday were led by Albanians or Armenians, so British Labor is led by a Scot, British Liberalism by a Welshman, and British Conservatism by a Jew, for Lord Melchet (Sir Alfred Mond) is the only leader the Tories now have.

Is business in danger?

MR. MACDONALD'S attitude toward his party is, indeed, somewhat that of a chieftain toward his clan. Moreover, he is a man of autocratic temperament and of aristocratic tastes.

You might assume it would be dangerous for a business community to be under a socialist party led by such a personality. But on the other hand, Mr. MacDonald is a parliamentarian pure and simple—and much purer than he is simple. His ambition is to restore the supremacy and prestige of the House

of Commons. Also he is a pacifist, and has twice imperiled his career at the dictates of his conscience. The British business system as now constituted need fear no rash experiments while he is in charge.

Then what about Philip Snowden, his Chancellor of the Exchequer, and the strongest character in the Cabinet? You have only to look at his face of classic beauty and his crippled body—to hear his icily incisive voice—to feel the white heat of intellectual energy that he radiates, to realize that he is a force that might fire even the British to a revolutionary reconstruction.

During the revolutionary phase just after the war I was present at a meeting between a financial group and the Labor leaders. The financiers, realizing that Labor was their best insurance against insurrection, offered to finance the party with half a million sterling.

We turned to Snowden, who said, "Gentlemen, you offer to 'float' us—

Overpaid at \$100 a week —yet he should be earning \$10,000



Looking over our records of the past twenty years we find that a very large proportion of men who enrolled for this Service were receiving from \$4,000 to \$7,500 at the time they enrolled. A hundred dollars a week is perhaps the most common figure.

Many of these men were overpaid at \$100 a week. By that we mean that their employers easily could have substituted younger men for them at smaller salaries. They had reached the hundred dollar figure partly by merit, and partly by little routine increases.

Yet these same men, who were overpaid at \$100 a week are now, in many cases, earning four and five times that much.

These records—which are open for your inspection—suggest two very interesting conclusions:

1. When a man begins to earn from \$4,000 to \$7,500 he becomes conscious for the first time of his own opportunities and his limitations. He begins to taste the possibility of real money. Yet he realizes, often with a sense of deep discouragement, what a great gap lies between him and the heads of the business. He is making what seemed—when he was twenty—a very satisfactory income. At thirty or thirty-five it seems like nothing in comparison with the earnings of the men at the top. He begins to look around eagerly, wondering whether there is any service, any help, that can carry him across the big gap.
2. It is amazingly easy to transform a \$100-a-week man into a \$10,000 man. So little is required that the wonder is that more men

do not avail themselves of the opportunity. The difference between a modest salary and a good salary is not entirely a matter of brains. Not a matter of pull. Not even a matter of long experience.

Often by using the Institute Service in only a very small way, a \$100-a-week man has found all that he needed. Many have never completed the Course at all, but merely used the volumes and lectures, and the personal consultation service, as occasional helps when the need arose. In case after case the impressive thing is that very little was required to give a man the extra assets that he required.

To men earning between \$4,000 and \$7,500 a year

We have learned from experience just what type of men—in age, situation and earning power—can get the most out of our training in the shortest possible time. We should like to hear, either by personal letter or by coupon, from those who feel that there is a gap between them and the really big rewards of business. We will answer very frankly. It is to our advantage not to have any man enroll for this service unless it can help him very much and very quickly and at very small comparative cost.

A story that is a warning

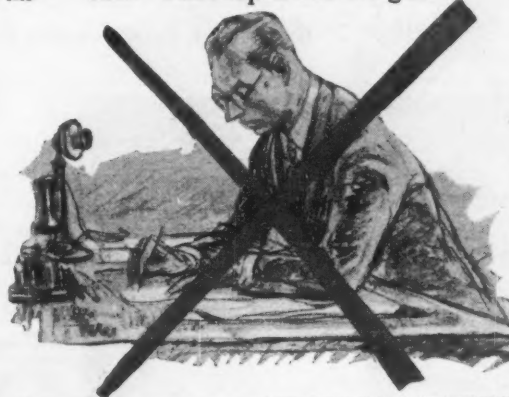
In every big corporation there are men of 35 or 40 who started work there when they were boys. They have 20 years or so of loyal service to their credit; now they are getting \$100 a week.

From one standpoint these men have done well. Yet theirs is the most dangerous position in all business.

We know one such man personally. For years he had been getting regular increases. He felt he was getting ahead. Then suddenly the president brought in an efficiency engineer. There was a general housecleaning; the hundred-a-week man went out. And his place was filled by a youngster just out of college who is now doing the same work for \$40 a week.

The old-timer hadn't grown with the company. At 40 he was let out of an overpaid position when he should have been at the threshold of his career.

For men vitally interested in bridging the gap between \$100 a week and \$10,000, we have prepared a little booklet called "Forging Ahead in Business." The coupon will bring it.



ALEXANDER HAMILTON INSTITUTE
947 Astor Place, New York City

Please send me the latest edition of "Forging Ahead in Business," which I may keep without charge.

NAME

BUSINESS ADDRESS

BUSINESS POSITION

your money would sink us." And that was that.

Mr. Snowden knows business

AND NOW you have Mr. Snowden at The Hague making a better business deal for the nation than could its own big business. For this shrewd Yorkshire man knows that "business is business," and business has nothing to fear and much to hope from him at home and abroad.

We will take one more leader, James Henry Thomas, Lord Privy Seal. He owes his position to the fact that he represents the most powerful of the Trades Unions, the railway men. That Union has been the fighting force of "direct action" as in the general strike of 1926 or in the "Triple Alliance" action of 1920. But as a matter of fact it is the most conservative of all the great unions, and Mr. Thomas has done more than any other labor leader to prevent and deter "direct action." He has indeed become a link between London "Society" and Labor Socialism.

He dresses carefully in the height of fashion to please Labor and as

carefully drops his "aitches" to please London. A very astute politician of considerable administrative ability, his relations with both sides give him some hope of success in relieving and reducing unemployment.

The lieutenants of these generals are mostly renegades from the old ruling class—Sir Charles Trevelyan, Sir Oswald Mosley, Noel Buxton, Arthur Ponsonby, Hugh Dalton—the sort of men who have hitherto ruled England and the Empire not without success. While the more uncompromising Socialists



UNDERWOOD & UNDERWOOD

PHILIP SNOWDEN

THE Labor party controls the British Government. Does that mean British business is to be hamstrung? If it does, you, as an American business man, have something to worry about. Before you start to worry, however, read this article to determine how serious the danger may be



WIDE WORLD

JAMES HENRY THOMAS

like James Maxton, their organization, the Independent Labor Party, and their policy of "Socialism in our Time" are all having to wait for their turn until the present minority government has got its majority.

Now the question of immediate interest is how much of its program of reconstruction can the present government attempt to realize. It can only pass legislation through the House of Commons and over the Lords' veto with the help of the Liberal members. Moreover, it can only hope to get a clear majority by winning over the Liberal voters and destroying the Liberal party.

Even if the Liberals use their present balancing power to force proportional representation on the Labor government and so secure themselves against further elimination from Parliament, Liberalism cannot prevent a majority for Socialism so long as Labor confines itself to Liberal policies.

And without going beyond what would be considered the liberal middle course, Labor can introduce and enforce the first chapter of its socialist gospel.

Provided that, like Liberalism, Labor avoids such terms as "socialism" and "nationalization," it can speed up the tendency that way as much as is safe. The British have no objection to practical experiments in policies which they are simultaneously denouncing in principle.

I say "the tendency" because "socialism" in the British sense of the word is a development affecting the whole country, not one class. It is economic as well as political. All European—or, for that matter, American—governments have adopted the socialist philosophy of governmental functions and pass socialist measures.

Only one difference

THE ONLY difference between a Conservative and a Labor government is that the former makes concessions to pressure for change wherever that pressure happens to be strongest. The latter tries to make its concessions to resistance against change conform to its complete scheme for socialist reconstruction.

Thus with a Labor government the pace may or may not be faster, but the path is forward. For example, Labor would nationalize the railways, which are now regionally organized to the exclusion of all competition, and which have reached a development where private initiative or invention is no longer of the first importance.

Labor would not have nationalized the radio service, as the Conservatives did for their own reasons, because that public utility is still in a stage where initiative and invention should have free play in the public interest.

The fact is that British socialism looked at in historic perspective is not a revolution but a reaction. If you look at the relations between the British state and its citizens under Queen Elizabeth at the beginning of the modern economic epoch, you find just the same issues as to regulation of prices, of wages, of profits, of industry and commerce, and as to taxation and nationalization as the Labor government is again rais-

GETS THINGS DONE

10 TO 50
TIMES
FASTER
AND AT
LESS COST



\$75

Model H-3 — Prints names, addresses or other data thru a ribbon—1,200 to 1,800 impressions an hour—other hand-operated machines from \$20 to \$105. All prices f. o. b. Chicago.

NO business today can afford hand methods when a machine will do the work quicker, without mistakes and at less cost.

In thousands of concerns, many of them in your line of business, Addressographs have replaced hand methods and are doing the work 10 to 50 times faster! Even the smallest Addressographs speed the day's business, get things done on time, eliminate errors, increase sales, reduce expense, add to profits. Names and data are written on a countless variety of forms — statements, ledger sheets, shop and store forms, stock records, shipping tags, pay and dividend checks, collection forms, sales letters, circulars, envelopes, post cards, etc., etc., etc.

There are small machines for small businesses—electrically operated and automatic models for larger businesses. The range of prices meets any requirement. Let us show you what an Addressograph will do in your business. Mail the coupon for helpful advice and information.

Sales and service agencies in the principal cities of the world

ADDRESSOGRAPH Co., 909 W. Van Buren St., Chicago

Canadian Head Office and Factory: Addressograph Co., Ltd.,

30 Front Street W., Toronto, 2, Ont.

European Head Office and Factory: London, England.

Manufacturers of

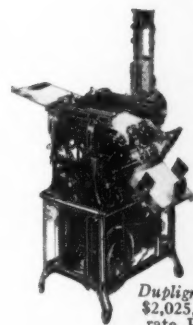
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Dupligrph — Model D-3—\$2,025, or leased at monthly rate. Prints 2,000 letters per hour, COMPLETE with name, address, salutation, date, entire letter and signature. Other duplicating machines from \$57.50 to \$1,595 f.o.b. Chicago.

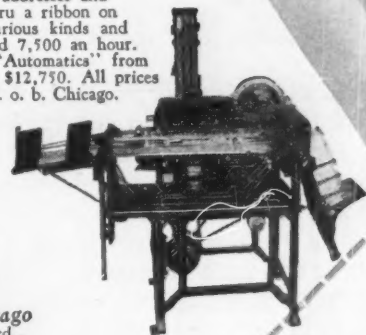


Cardograph — \$57.50 f. o. b. Chicago. Prints 1,500 messages thru a ribbon on post cards in an hour!



Model F-2 — Electric — \$375 — Prints thru a ribbon—speed 2,000 to 3,000 an hour. Adaptable to all kinds and sizes of forms and data-writing work. Other electrically operated machines from \$295 up. All prices f. o. b. Chicago.

Model A-4 — High speed automatic — \$2,025.00. Prints names, addresses and other data thru a ribbon on forms of various kinds and sizes. Speed 7,500 an hour. Other "Automatics" from \$595 to \$12,750. All prices f. o. b. Chicago.



Mail
with your
letterhead to

ADDRESSOGRAPH Co.,
909 West Van Buren
Street, Chicago, Illinois.

Please explain how the Addressograph best suited to our needs will help us save time, eliminate mistakes and reduce expense.

11-29

Addressograph

TRADE MARK

PRINTS FROM TYPE

Copyright 1929, Addressograph Co.

When writing to ADDRESSOGRAPH COMPANY please mention Nation's Business

ing today. The industrial revolution early in the last century swung the pendulum to an extreme of individualism, thereby reducing state intervention to a minimum. *Laissez-faire* liberalism is really a minimum extreme, not a middle point as is generally supposed. We have proof of this in the state socialist systems that Europe had to establish during the war to raise the economic energy and efficiency of the community. Those systems were swept away in post-war reaction. But the Labor program has profited by the experience of their successes and failures.

For example, before the war it would have been useless to try to convince public opinion that staple prices could be stabilized by state action—or that, if they were, the community, as a whole or the citizen producer or consumer would benefit. But the Wheat Board, for example, did it—made a profit for the state of 30 millions and secured the agricultural producer a fair profit.

There is accordingly a growing tendency among producers, even those outside the Labor Party, to turn to this remedy rather than to the old Conservative panacea of protection.

This tendency is important in view of two new protectionist proposals that might otherwise have found general support. One is the French proposal for a European customs union to facilitate agreement on protective tariffs for the countries of Europe. The other proposal, which is being pushed by British Conservatism, would provide a tariff unity for all the constituent parts of the British Empire through the formation of an Empire customs union.

Labor had its own idea

NEITHER is really practical politics for the Empire because the dominions are an insuperable difficulty in both cases. But either movement might have overcome for a time and in part the free trade tradition had not Labor adopted price and wage fixing as a better means of protecting the British producer.

It is probable, therefore, that Labor will be able to make some moves in the direction of price fixing even while in a minority. A quite ineffective commission on food prices is already being stimulated and strengthened to deal with the milk supply, a mild beginning in a matter of vital concern both to urban consumer and rural producer.

On the whole, however, Labor must wait for a clear majority before it can attempt its ambitious program for restoring the productivity of British agri-

culture through nationalizing agricultural land by paying off the owner in land bonds at his own valuation in his assessment for taxes, by putting it under control of county boards composed in equal thirds of farmers, farm workers and experts, and by fixing the prices of farm produce.

Some assistance to farmers in cheaper credit and transport is all that will be really achieved and the Conservatives have already attempted such measures.

Government and banking

AT THE other end of the social structure is the scheme for nationalizing banking. This is no doubt essential to any state if it is to exercise the control of national economics contemplated in the Labor program. British banking, controlled as it now is by the "Big Five," is no doubt ripe for this final stage in its development, a stage that will begin by bringing British banking under such control as that already exercised elsewhere—even in the United States—and that will insure cooperation between those in command of political power and those in control of money power.

But no minority government could take this step. So nothing will be done except to tighten somewhat the ties between the Treasury and that anomalous anachronism, the Bank of England. We have already had a new move there in the pressure brought to bear by the Premier himself to prevent the Bank from raising the bank rate, a financial precaution that would have been prejudicial both to a trade recovery and to the government's reputation.

If the Labor government lasts through the initial period of a year or so, something may be done toward nationalizing the railways, with a view to reducing rates; and something must be done toward nationalizing mines, with a view to reducing unemployment.

In proportion to the population, unemployment is no worse in the United Kingdom than in the United States. But with the British it is a political problem of the first importance. With the Americans it is not reckoned as a problem at all. This is partly because the increase or decrease of British unemployment is regarded as a symptom showing relapse or recovery in the economic evils from which the body politic is suffering. American unemployment is overlooked in the blare and blaze of a boom.

The British workers now have political power and intend to use it to remedy and remove the distress of their

fellow workers. American workers' organizations are still divided against themselves in the craft union stage of development from which the British emerged a quarter century ago. Indeed, the actual distress in America is probably greater than in England. For in England the fear lest the unemployed should become the fighting force of a class war has caused fairly efficient steps to stave off starvation at least.

Unemployment insurance is based on a better principle than the poor relief which still provides for some half of the total unemployed. This principle is that each industry should be responsible for the maintenance of its "reserve of labor"; in other words, for its temporarily unemployed, while the community as a whole relieves through the poor rates the permanently unemployed or unemployable.

The term "dole," which was applied as a result of the employing class' dislike of this principle, is a misnomer. For the insurance or "dole" is paid for in large measure by contributions deducted from the workers' wages.

The old poor relief paid out of the poor rate is more in the nature of a dole, but this does not awaken the same antagonism.

No real remedy in sight

THE present Labor government will not be able to approach a real remedy for unemployment as this would involve a reconstruction or at least a reorganization of most of the basic industries. It already has begun to relieve unemployment fairly effectively by administrative action in respect of unemployment insurance and poor relief.

The interpretations put upon the insurance benefit qualification that the applicant should be "genuinely seeking work" have been revised, and "waiting" periods or periods out of benefit have been reduced.

The present government has repealed the arbitrary substitution of government commissioners for the local elected authorities in certain distressed districts which had granted poor relief in what seemed to the Conservative authorities too generous a scale.

With a view to reducing unemployment in the coal mines an attempt is being made to recover some of the lost foreign markets. Mr. Snowden's obstinate opposition at The Hague to further German reparation in commodities is explained by the fact that German "reparations coal" has replaced British coal in much of the French and most of the Italian markets. One of the terms

SALES APPEAL

A pictured appeal often is more powerful than worded argument. Words might add to the effectiveness of this page but they would not create the fundamental appeal to appetite. Whatever your product; there is some basic reason for using pictures in your sales appeal — pictures reproduced perfectly by rotogravure.



Kimberly-Clark Corporation
Manufacturers of Rotoplate, Hyloplate, Primoplate,
Servoplate—Perfect Papers for Rotogravure Printing

Success *needs watching.*

Many a "has been" owes his failure to carelessness in his success. He overlooked irregularities in his business, grew careless about investments and—success faded.... Rotogravure is successful. Each year sees greater rotogravure lineage in newspapers and sees a greater volume of advertising literature printed by this process that reproduces pictures perfectly. Let us watch—and maintain the success of this medium. . . . In the Kimberly-Clark mills, where America's rotogravure paper was developed, there is just as much care exercised, just as precise scientific supervision employed, just as much concern felt about maintaining—and improving—the quality of the papers as was shown in the days of development. . . . For the advertiser there is the responsibility of furnishing just as good—or better—art copy today as he furnished in the days when he was trying out rotogravure. . . . For the printer—of booklet, folder or rotogravure section—there is the duty of watching constantly the quality of his printing and of making sure that, for each purpose, he has a rotogravure paper that insures the most satisfactory results. There is a Kimberly-Clark paper made for every rotogravure printing purpose. . . . Let us continue vigilant in rotogravure's success.

Kimberly
Clark Corporation

Established 1872

NEENAH, WIS.

NEW YORK
122 East 42nd St.

CHICAGO
208 S. La Salle St.

LOS ANGELES
510 West 6th St.



of settlement provides an arrangement with Italy to purchase annually a large amount of British coal.

Mr. Thomas seems to be seeking a similar undertaking from Canada, which he suggests might transfer its coal order from the United States to the United Kingdom as a counterblast to the new American tariff.

Thomas' able lieutenants

WHAT plans Mr. Thomas may have worked out for reducing unemployment are not yet known. He has the able assistance of the veteran George Lansbury whose Christian character has won him the largest personal following of any British politician, and of Sir Oswald Mosley, whose wealth and whose wife, Lady Cynthia, a daughter of Lord Curzon, have been no handicap to his own outstanding ability.

But so far, the open attack on this evil has gone no further than attempts to mitigate a few of the more recent causes that have aggravated some of the worst consequences of a disorder deeply rooted in the social system. And the dilemma in which the present government finds itself is that public opinion will, at the next general election, gauge its services by its success in dealing with this one symptom. While on the other hand, public opinion will condemn as failure any disturbance to its habits that may be due to any drastic remedy.

Conservative socialists

IN SHORT, the Labor government has to "mark time" so far as its socialist program goes, and to "acquire merit" with a very conservative people in the hope of getting a mandate in three years' time. Those are tactics that suit the temperament of its present politicians as well as they suit the traditions of British politics.

British big business that still retains its panic apprehension of "socialist" operations—a view that dates from an earlier epoch of political therapeutics—is beginning to lose its nervousness thanks to the "bedside manner" of Labor leaders and to the homeopathic doses of socialism in their prescriptions.

Indeed Mr. MacDonald can on occasions show himself an adept in the school of self-healing by suggestion.

None-the-less the British revolution that is now in progress is not less a revolution because it is proceeding half-consciously and inconspicuously—and is indeed in that respect all the more British.

STONE & WEBSTER

INCORPORATED

STONE & WEBSTER ENGINEERING CORPORATION

STONE & WEBSTER AND BLODGET, INCORPORATED

STONE & WEBSTER SERVICE CORPORATION

STONE & WEBSTER ASSOCIATES CORPORATION

STONE & WEBSTER INVESTING CORPORATION

Organization—Financing

Underwriting and Distribution of Securities

Design—Construction

Management

Reports—Appraisals

He Imparts His Faith to the Public

By EDWIN C. HILL

PEOPLE heed the advice of doctors and brokers because these men have established reputations as specialists. Few merchants, however, have made themselves known as specialists in merchandise. John David, starting in a basement, sought such a reputation. Now he owns 12 stores



BLANK & STOLLER, INC.

JOHN DAVID

"A merchant who fails to have an original idea at least every month might as well quit"



Do you get the impression that the wares advertised on this facade must be good or the merchant would not dare stress them in this way? That is its purpose

FACING the southern side of Greeley Square in the city of New York—old Herald Square of the days of the elder and the younger James Gordon Bennett—is a new business building which challenges attention and intrigues curiosity.

The principal facade of this building thrusts itself upon the attention of a million people who dodge death every working day in this tumultuous and clamorous square, the noisiest in New York and the most perilous to the pedestrian.

To the right of this building as one looks north is roaring Broadway. To the left is Sixth avenue with the thundering elevated. At its feet, upon the edge of a tiny park, is old Mr. Greeley himself in smoke-blackened marble, drooping in his chair, stunned and dumfounded and very wearied over all this modern uproar. Round about are towering monoliths of trade.

The building itself, unremarkable for spread or size, is quite dwarfed by the giants around it. Its face is its fortune. A great many of the daily million must be caught and held by the fixed and authoritative summons of this face. They detect, without special thought or reasoning, something unique and worth while about this facade.

It has a pull and an appeal based on the experience of a quarter century. It



A NEW service to Industry to meet your NEW competition

What Makes Things Sell— TODAY?

AMERICAN industry has very largely solved the problems of economical production of quality goods. Today, competition in basic worth and value is almost at a standstill. More and more, articles are being sold because of their *surfaces*—their new colors—their brighter, more attractive finishes. You find, to your surprise, that articles less sound fundamentally are commanding higher prices and wider markets because they please the eye.

It's nobody's monopoly

THIS new vogue of color isn't limited to one producer in any field, or to certain classes of commodities. Refrigerators, dishpans, brooms and fountain pens sell better since they have adopted vivid color. Bathtubs and washing machines—sheets and glassware—automobiles and skyscrapers! Perhaps *your* product can step out ahead of competition with COLOR!

The NEW service— COLOR- COUNSELLORS

SELECTING the *right* colors and finish for *your* product is a job for a specialist—a man with broad experience, imagination and willingness to shape his ideas to fit *your* specific problems. We have such men stationed all over the United States. They have worked with these problems—successfully—for years. Of course there are endless products to which *our* product, lacquer, cannot be successfully applied. In that

case, the Egyptian color-counsellor says so. But there is an amazing number of things to which it *can* bring vivid new life and beauty, and usually at remarkably low cost. Our color-counsellors are primarily selling our lacquers, of course—but they are trained to seek *first your* advantage, a new merchandising asset for *you*.

What is this Egyptian Lacquer?

EGYPTIAN Lacquer is the outstanding *quality* lacquer. It is basically the same as other lacquers—nitrocellulose, solvents, gums and pigments. But better materials, care, honesty, and superior chemical research have won for it a wide reputation. Egyptian Lacquer customers seldom find “bargains” elsewhere. In dealing with the Egyptian Lacquer color-counsellors, you are consulting men in an assured position of leadership. Their advice and their materials are the finest available anywhere.

How Can I Use This Service?

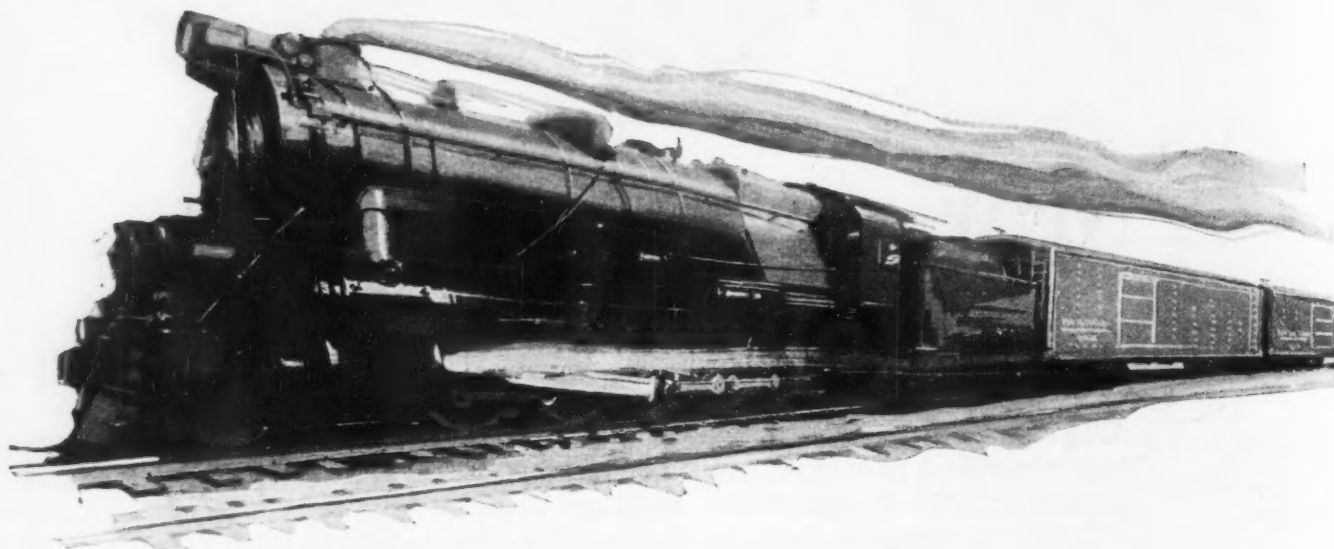
YOU can consult any Egyptian Lacquer representative without obligation. In the cities listed below, just look up “Egyptian Lacquer” in the phone book. Or you may write to the main office in New York and arrange to have the color-counsellor call.

**The Egyptian
Lacquer Mfg.
Co., Inc.
90 West Street
New York**

Atlanta, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Dallas, Detroit, Kansas City, Los Angeles, Montreal, Philadelphia, Portland, Ore., San Francisco, Seattle, Spokane, St. Louis.

EGYPTIAN Lacquers

"PUNCTUALITY"



100% on time for sixth successive week

SURELY, favorable augurs must have attended the christening of this famous Pennsylvania merchandise-carrier! . . . Never was there a more appropriate name.

For "Punctuality" remains unsatisfied even with a six weeks' on time record! At the date of going to press—it was still hauling its rich cargoes of merchandise from Pittsburgh to Toledo and Detroit 100% on time . . .

"Punctuality" might be the name of all of the Pennsylvania's famous "Limiteds of the Freight Service". For all are turning in high on time records day after day, month after month.

Serving 8 out of 10 of the largest cities in the country—these *named* freight trains have made themselves the favorites of shipper and consignee alike.

Pennsylvania service offers you three advantages:

1. You can find out by a system of "passing reports" *where* your shipment is.
2. You know *when* it is due to arrive.
3. You have the assurance that it will arrive *on time*.

Here are six others of the Pennsylvania's famous fleet of "Limiteds of the Freight Service"—noted for on time dependability:

THE GAS WAGON
Merchandise
Detroit to Seaboard Cities

THE QUEEN CITY
Merchandise
Cleveland to Cincinnati

THE BLUE GOOSE
Perishable—Merchandise
Seaboard Cities to Buffalo

THE PURPLE EMPEROR
Perishable—Merchandise
(From Southern States)
Norfolk and Baltimore to Buffalo

THE PREMIER
Livestock
Pittsburgh to Seaboard Cities

THE MIAMI
Merchandise
Detroit to Cincinnati

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America

seems to offer—and is deliberately meant to imply—a special and peculiar compliment to the good taste, the style taste, of every passerby.

High up, near the roof, is the name of the owner of the business carried on within the building. Elsewhere the owner's name is repeated, invariably clamped to the legend, "Fashions for men." Over the doorway, not too conspicuously, this name appears for perhaps a sixth time.

Advertises in a new way

BUT what really nails the attention are alien advertising legends, in enormous letters, that spread across five stories of the building front. These legends have nothing whatever to do with the advertisement or glorification of the owner. They advertise products of which he is merely a distributor—yet he gives them more prominence than he gives his own name.

By day and night, near the top of this building which John David erected recently to house the largest of his shops for the sale of haberdashery and men's furnishings, painter and electrician summon the eye to "Hickock Belts, Braces, Buckles."

Just below in summons scarcely less authoritative is "Fownes Gloves." And on lower story fronts we read as we pass, "Mallory Hats" and "Burton's Irish Poplin" and "Stein-Bloch Clothes."

Whether we know anything at all

about the merits of Hickock's belts, braces and buckles, or have knowledge of the actual worthiness of Mallory hats or Burton's poplin or the coats, pants and vests made by Stein-Bloch, nine out of ten of us harried subway slaves are conscious of a special and seductive appeal about those flaunting phrases.

To the average man and, to the wife clinging to his elbow, the first mental reaction, like as not, is that there must be something superlatively worth while about such products or John David, about whose wares and works we know something, would not cover the front of his fine new building with their names and signs.

Such thoughts at least, drifted through my mind on a recent shopping expedition. With them came the notion that John David, after all, must know what he is about when he plasters the front of his new building with gigantic advertisements for wares that he merely sells and does not himself manufacture.

I visited Mr. David in his private office on the top floor of his new building. His answers to questions were illuminating and interesting.

Mr. David, slim, keen, enthusiastic—a man of imagination quite obviously—explained simply and understandably why his direct advertising methods depart markedly from the methods of other great shops of New York. Let him speak for himself.

"It is just 25 years," he said, "since I opened my first shop on the site of

this building. I hadn't much capital, but I had an idea. I always try to get fresh ideas based on a study of the trade. A merchant might as well shut up shop if he fails to summon up at least one really original idea every month.

"My first shop was in the basement. People laughed at me for starting a men's furnishing business in a cellar. They told me I would be broke in six months—that nobody would walk down to a basement to buy neckties and shirts.

"Their error lay in the fact that my display windows, which completely filled the Thirty-second street and Broadway sides of my shop, were on the street level and just as effective as if the shop itself had been on the street level. That's the way it worked out. Business was good from the start.

Customers want the best

"FROM the outset, I was convinced that Americans—New Yorkers particularly—were becoming style-conscious. I was fairly certain that the time was coming when the average man and woman would be satisfied only with the best. I felt that they would increasingly demand selected articles and that they would be loyal to any merchant who made them feel that he was out to provide for them the smartest and most stylish wares in his field.

"My first task was to make the name 'John David' stand for dependability and square dealing. The price of merchandise did not enter into the situation at all. I was not out to establish a reputation for selling cheaply. I have never advertised low prices particularly, but always quality.

"Once I had made my name mean something to my customers, it was not necessary to go on to aggrandize my own name. It was much more important to have it stand for careful, selective service. As the years passed this factor became steadily more important.

"Finally I made up my mind that it would build business if I put on my store front the names of the manufacturers from whom I procured my selected wares.

"My patrons had been educated to the belief that John David was their representative, in all parts of the world, to get the best in men's furnishings.

"I felt that, when I put Stein-Bloch Clothes in my store, my customers would understand



WORSINGER, NEW YORK

The quiet luxury of a club is offered to patrons who drop in to buy John David's selected wares in his new store on Greeley Square

that I had searched the whole field of men's clothes in their special interest and had made up my mind, as an experienced merchant, that the clothing made by Stein-Bloch was precisely the kind of clothing that would best suit my customers, no matter what the price.

"To me it is the simplest psychology and the most effective advertising. These people that look up and see the legends on the facade on my store are most likely to say to themselves, 'Well, now, look at that. This fellow John David, can't be taking much of a chance when he plasters his store front with those signs. He must know that these articles are the best. He simply could not afford to subordinate his own name if the products are not sure-fire. If he is certain enough to do all that, these articles must be good.'

"And in they come. It goes even deeper in making business for me. My customers and prospective customers cannot help but feel that I have made a special and peculiar market survey, and that I have deliberately taken this article and that product as the wares which will give smartness and distinction to the people that trade with me.

"It makes me their world shopper, their special representative. They see in all this a special service, a little beyond ordinary merchandising. It flatters them. They take greater pride in their purchases, talk about them more to their friends. They get the idea I want to put over, that I have a special and unique establishment sensitively responsible to the changing style and fashion ideas of my patrons. They boast about it to their acquaintances and make more business for me.

They overemphasize the name

"I AM not sure, but I think some merchants overemphasize the business pull of their own names—once those names are actually established by a long period of fair dealing and good service. Perhaps this is natural, for men who have spent their lives in building up a fine, reputable business get a thrill out of seeing everything concentrated under their own names.

"To me it does not carry the subtle, selective appeal that I want for my business.

"There is another side to this method of emphatically calling public attention to special manufacturers and their product. Three or four times a year buyers from the rest of the United States come to New York.

"They come down to Greeley Square and see all over my building Hickock

and Mallory and Fownes and Stein-Bloch. It may not make so much impression at the time, but when they go back to Dubuque or Canton or Grand Rapids and trade travelers for Stein-Bloch and Fownes and Mallory and the rest of them arrive to get orders, these travelers say, 'I just want to call your attention to the way John David is plugging our goods.'

"The merchant is impressed more or less, and nine times out of ten it is easier for the traveling salesman to get an order from him. Now that makes these manufacturers friendly to me and helps not only in the way of prices but in other concessions.

"If I go to Europe or somewhere in this country and see a style article that I believe my customers would like, I tell one of my manufacturers that I want a good big order made up incorporating the new wrinkle.

"They give it to me at once without

delay, no matter how rushed they are. And at nice prices. It is good business all around. I do this constantly, for almost everything I sell is especially made for me by the manufacturers I advertise to my customers.

"The big idea is not to advertise any permanent fashion for these things change constantly, but to get into the customers' minds that they can be just as sure of the dependability and workmanship of these goods as they are of their style.

"Most men, nowadays, buy with an eye to the approval of their womenfolk. More than half the men that come to my stores are accompanied by women.

"Quite frankly, I seek in my direct advertising psychology to capture the interest of these women. I think they get the point even quicker than the men do—that I take a lot of trouble and pains in selecting the best. That is really all there is to it."

The Public's Good Is Business'

BIG business is a real menace in the view of Paul D. Cravath, corporation lawyer of New York. That idea is of a pattern with the traditional fears that have always assailed basic improvements in any field, answers E. A. Filene, Boston merchant, in a debate on "big business" as reported in the *New York World*.

Mr. Cravath does not see big business as a "result of unnatural conditions brought about by the machinations of wicked and selfish men," but rather "great business enterprises exist because of scientific inventions, efficient mass production, development of vast natural resources, and the coordination of these factors by modern transportation and communication."

And further, "big business has come as the result of irresistible economic forces. Neither laws nor men are to blame for its coming. The social perils that it has brought in its train are becoming more apparent every day and they are bound to multiply."

These developments and the competition of big business are at the root of his regret, for he sees them transforming self-sufficing communities so that their inhabitants are dependent upon large scale enterprises for their opportunities to work and for the commodities they consume.

"What are you going to do about it?"

he asks. For himself he says, "the remedy does not lie in legislation or in the courts or in any attempt of Government to force men to act against their wills. In the face of any such attempt, the forces of life will always be found stronger than the forces of law."

Mr. Filene readily concedes that "no forces big enough vitally to influence the lives of great masses of men are entirely free of the danger of being misused."

Business depends on public

IT IS in his conviction that big business is inherently opposed to the abuse of power that his optimism becomes most affirmative. "Big business in its present development seems destined by necessity to reduce these risks," he says, "not because there will be any radical change in human nature brought about by it immediately, but because the selfish interest of big business, as well as the enlightened scientific thinking which is the foundation of any permanent success of big business, force it to act in this way. The policies which are profitable in themselves today are at the same time those which make most definitely for the prosperity and peace and best development of each nation, and also for the prosperity and peace of the world."

Again — a new package wins a larger market ~

How a new type of package, produced by machinery at decidedly lower cost, enabled the Campfire Corporation to greatly enlarge its market . . .



THE Campfire Corporation wanted "a package of marshmallows that could be sold at a popular price, yet with the assurance that the contents would reach the ultimate consumer in a fresh condition." Here is the package that met the requirements — *and with marked success.*

The marshmallows are packed in two sizes — a one-pound or "family package" and a five-ounce package. The package is printed in gay attractive colors, and is similar in appearance to the former metal containers, thereby losing none of the good-will already created. To protect the freshness of the product, moisture-proof board is used for the container, with an inner lining of waxed paper, and

an outer wrapper of glassine. The package gives definite assurance to the buyer that the contents are fresh.

The Campfire Corporation, realizing the importance of this new selling aid, broadcast its introduction, not only to the trade, but also to the public, in magazine advertising.

In your efforts to widen your market, it may pay you to give consideration to your package. And in doing so, feel free to call upon us for any information or assistance. Get in touch with our nearest office.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts

New York: 30 Church St. Chicago: 111 W. Washington St.
London: Baker Perkins Ltd., Willesden Junction, N. W. 10

Let us solve your wrapping problems



PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines

When writing to PACKAGE MACHINERY COMPANY please mention Nation's Business



The drawing room, she pointed out, would go with none of her frocks

Selling a Hotel to the Public

By ALBERT S. CROCKETT

ILLUSTRATIONS BY G. LOHR

ANY traveler who goes to a city for more than a day is almost certain to spend some money there. Whether he buys goods for his firm, goods for himself or simply a good time he is going to add something to the volume of business of the city he visits.

The first thing he buys, usually, is shelter. A hotel room is likely to be his first thought. What makes him turn his steps, or take a taxi, to one particular hotel rather than any of a dozen others? What sells the hotel? What spells the difference between success and failure in the hotel business?

Ordinarily one might be disposed to answer, "First, good management; second, well appointed rooms, good food and good services; third, proper advertising." And yet, though each and all of

these factors may be important, all of them combined often do not insure a hotel's success.

Success can't be guaranteed

IF, PERHAPS, the advertising were always successful in persuading the public that the hotel was the best of its particular kind, that its management was perfect, its food unexcelled and its service invariably impeccable; and, moreover, if the experience of patrons had demonstrated that all these factors justified the advertising, success might be sure. But it could not be guaranteed.

For almost 30 years my work has brought me into close contact with hotels and the hotel business. Much of the time I covered hotels as a part of my work for various New York newspapers.

During the last 14 years I have worked in hotels in a position that not only gave me the view of the hotel patron but familiarized me with the operating side of the establishment. Six of those years I was with the Waldorf-Astoria.

My experience and observation have convinced me that there is no business which is so uncertain of reward or affected by more and often seemingly trifling considerations as the hotel business.

The factors of human frailty and human prejudice offer a margin of uncertainty. Too many elements entering into the matter of perfect operation are governed partly by imperfections in mechanical contrivances. Speaking with heavy emphasis, hotel help often seems to contain an exceedingly high percentage of undependability.

Almost as often, perhaps, the fault



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SINGLE
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will instantly clear *this*
machine of all figures!



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instantaneous... no constant cranking
... speeds up work.

This exclusive improvement alone makes the Marchant superior to any other calculator, and there are four others just as vital to maximum figuring efficiency with least possible work and delay.

These five features are briefly explained in the columns at the right. You should have them, and the entire Marchant machine, demonstrated in your own office on your own work.

Every part of the Marchant has been designed and carefully worked out to increase speed and reduce work. To make figuring... from simplest problem to most complicated computation... a *mechanical*, brain-relieving, free-from-error, easy task, features that no other machine can offer.

The Marchant gives you every advantage a calculator should have, *plus* these 5 vital exclusive features that no other machine can offer.

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exclusive improvements
that make all other calculators obsolete

1 *Straight-line visible check* on all figures. All factors and the result right before your eyes. Increases accuracy and speed. Eliminates checking back. No other calculator has this feature.

2 *Instantaneous electric clearance.* Press a button and the machine is cleared of all figures... instantaneously, positively. Speeds up calculations, saves energy, prevents partial clearances from injuring the mechanism. No other calculator has this feature.

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speed, less noise, less fatigue to operator, less wear and tear on the machine. No other American-made calculator has this feature.

4 *Automatic stop control* on all calculations including addition and subtraction. The electric motor stops automatically the instant the operation is performed, preventing unintentional extra calculations. No other calculator has this feature.

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A bit of straw made one man change his hotel. He discovered it in his oatmeal

lies not in the hotel or its operation, but in some eccentricity of the man or woman who wishes to buy a room or a meal but who either doesn't know just what he wishes, or perhaps is ignorant as to just what is a good room or a good meal, or who bases his likes and dislikes on the thinnest trifles.

"Straws," says the adage, "show how the wind blows." I have known it to take only a straw to make a man change his hotel. He found that straw, a piece of chaff, in his breakfast oatmeal!

The strongest selling point

I BELIEVE that the first thing that sells a hotel these days is novelty. In New York, at least, the new hotel draws the crowd.

Novelty was the first point of sales talk when the original Waldorf opened its doors. With novelty, in its case, however, were associated many other qualities. Besides being the newest hotel, the Waldorf was, at its opening, the largest hotel in the United States.

It was also the most luxurious.

Perhaps what was for some years its most powerful sales factor, after Boldt had it well started, was that it early became fashionable.

It boasted, too, of certain innovations in hotel keeping. During its early existence its proprietor introduced novelties in operation. Yet all these things might have got the hotel nowhere had it not been for the disposition of people to talk, and of newspapers to print, things that would interest and perhaps even startle their readers.

George Boldt was no believer, for his purposes, in what we know as advertising but he was fully ac-

quainted with the merits of publicity. His boast to the last was that he had never spent one cent for direct advertising.

Some persons are sold a hotel because of the spirit of accommodation shown by its management—a spirit which is often strained. Wealthy patrons not infrequently insist that not only must all the furniture in a suite be changed, but that every room be repapered or redecorated and newly carpeted. There is profit in this for the hotel if the patron stays long and spends a good deal of money in the restaurant. But at least on one occasion in recent years the Waldorf-Astoria

was a decided loser by catering to such a whim.

A wealthy woman was shown a number of high-priced suites but none suited her. The drawing room, for instance, would go with none of her frocks, and none of the bedrooms matched her negligees. She would not think of occupying any suite that did not. The management offered to decorate and furnish each room exactly as she demanded. Unfortunately for the hotel, it was not customary to sign leases. When the determined stylist moved in with her wardrobe trunks, it was figured that if she remained six months—and her expressed intention was to stay at least a year—the extra expense would be justified. At the end of a fortnight Madam changed her mind. She left hastily one day for the Far West.

More than once in various hotels I have come across women who threatened to leave unless their drawing rooms were done over in colors that matched their clothes. "The Hotel Splendid has

offered to do it," is the compelling argument.

One often important factor in selling a hotel to travelers is location. However, in New York location does not so much mean accessibility as it did a few years ago. Proximity to one or the other of the two great railway stations, nevertheless, still counts heavily with travelers, and when certain hotels were first able to advertise that a person arriving in New York could reach them by walking a few steps without emerging upon the street, it counted heavily in their favor.

A factor that still counts

THIS factor in selling a hotel has not disappeared. It is a cardinal point in the heavy patronage of at least three New York hotels. The fact that two enormous hotels will open shortly within a short stone's throw of one of New York's big railway terminals is evidence that experienced hotel men regard nearness to a train as an important factor making for business. But these hotels are what is called "popular-priced," and my understanding is they will shave by half a dollar to a dollar the price of their existing competitor of the same class for a room with bath.

Thus, with the powerful element of absolute newness they will make a strong bid for trade. But with the traveler of social position, assured or coveted, the fact that a hotel is near a railway station seldom counts for much. Indeed, many persons prefer to be some distance from a station.

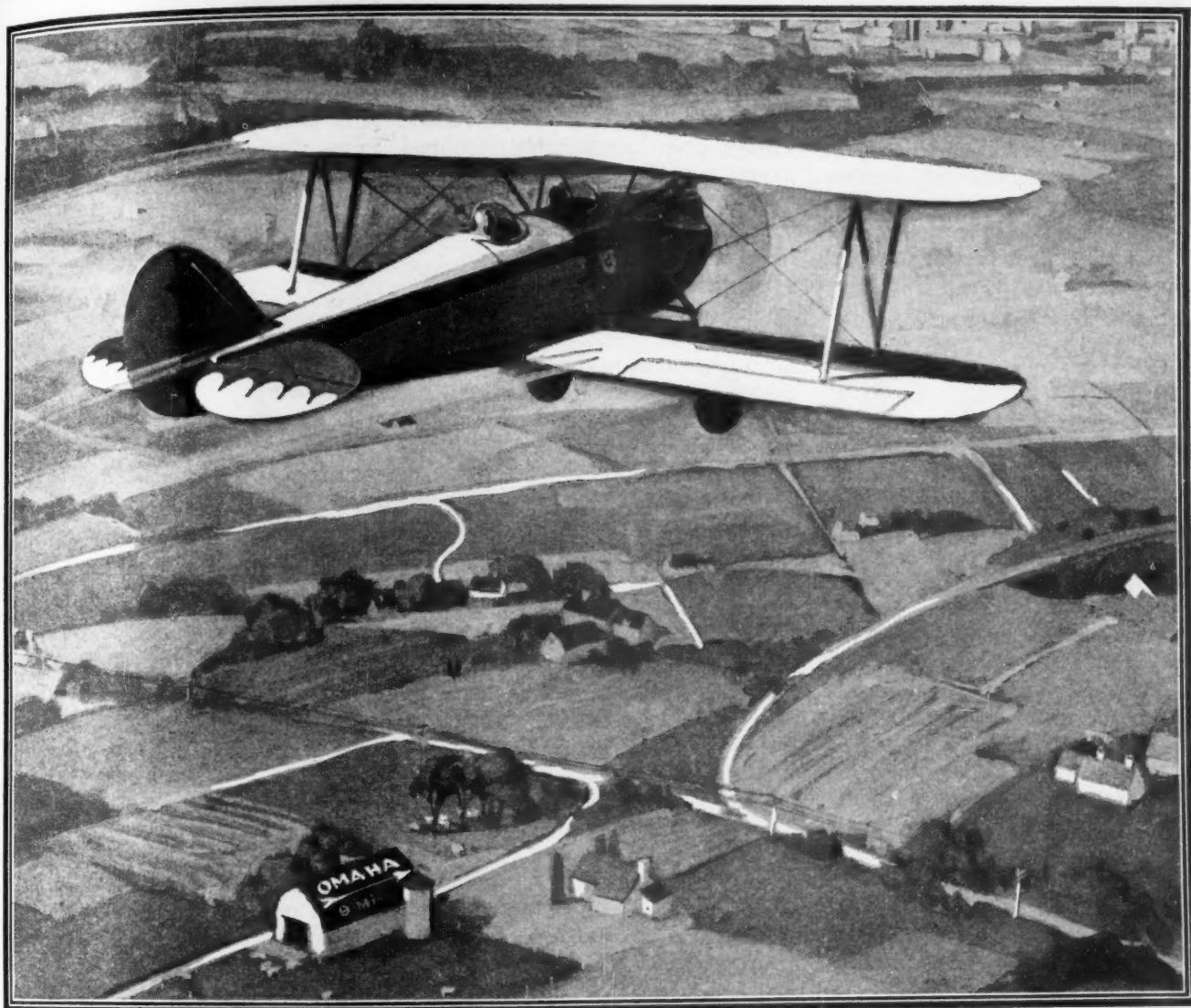
Today, if a new hotel can early establish that it has a fashionable clientele, it is bound to draw the socially ambitious. The personal columns and the society news in New York papers are

powerful factors in making for the success of any New York hotel.

Often the personal popularity of a hotel manager has drawn heavily from another establishment. I have known assistant managers or head waiters from fashionable hotels to open new establishments as managing directors, and make serious raids on the patronage of the hotels they quit. I have known a waiter serving in a fashionable hotel to make a connection with a new establishment as head waiter, and draw away many of the clients



Many a guest finds abundant entertainment in sitting and watching the crowds



He had to be in Omaha that afternoon

A SALESMAN for an oil company—a big contract in Omaha [five hundred miles away] if he can get there ahead of his competitors.

A Great Lakes Sport Trainer—part of the regular traveling equipment of the company's best salesmen—fast, light, economical—and profitable.

Result—salesman called hours ahead of anyone else—obtained the order. Cost of transportation less than by rail or bus. Substantial profit, made possible only through quick action.

A frequent occurrence with a Great Lakes Sport Trainer—and it can play a similarly important

part in *your* business—or in your personal transportation when you want to go somewhere in a hurry.

A two-place biplane, powered by the famous American Cirrus air cooled motor—easy to handle—easy to land and take off almost anywhere—exceedingly sparing in gas and oil. A quality ship—perfectly balanced and beautifully engineered by a sound organization thoroughly experienced in aircraft production.

An interesting new booklet tells the story in detail—illustrated in colors—sent on request.

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of the older hotel. Room clerks build up a following and when they change to another establishment often take a lot of the hotel's patrons with them.

The average patron of a New York hotel is likely in moments of loneliness to strike up acquaintance with such employes as he finds agreeable and willing to swap stories. Often the employe need go no further than present a smiling countenance, laugh at the moment expected, and say "yes" or shake his head when the guest asks a question. Bell-boys have been known to attract patrons away from a hotel upon leaving for another post.

Little things count

MANY hotels have won popularity and made profits through supplying their patrons, free of apparent cost, with all sorts of little toilet conveniences. I recall, for example, that one fairly large New York hostelry made a big hit some ten or 15 years ago by presenting the occupant of each room with a wash cloth, a comb and brush, a tooth brush and tooth powder. It even went so far as to offer its men patrons a shaving brush, a piece of shaving soap and a safety razor. The guest did not always realize that the cost of these aids to his toilet was paid for by his room rent.

Naturally, a long-established name is potent in attracting to a New York hotel visitors from out of town. This was especially true in the case of the Waldorf-Astoria, for one reason because its name was kept before the reading public of the United States and all the world more continuously during its last few years than any other hotel in New York. People who came to New York for the first time felt that they simply must stop once in the hotel of which they had heard their parents, and even their grandparents, speak. It was an institution.

One factor that counts in selling some hotels to out-of-town patrons is the possibility of watching crowds go by. They like to see lots of people in the lobby. Many a guest finds abundant entertainment day after day, just sitting in a comfortable seat and looking at the women and their frocks. On the other hand, the number of hotel patrons is not small who choose a temporary abode in New York because they know they will be quiet and safe from intrusion. As a matter of fact, the idea of seclusion has governed the designing of many New York hotels in recent years. This is particularly true in hotels that cater to a fashionable patronage.

Many persons choose a hotel because of the size of its rooms and their con-

venience in arrangement. Some select living quarters because of lavish furniture. But in New York, at least, the taste of the traveling public seems to be more and more for simple decorations and sparsely, if comfortably, furnished rooms.

The inattention of a waiter, particularly if the patron is breakfasting; the careless attitude of a room clerk or an information clerk; an information clerk's inability to answer a question properly, however far the question may be from the average hotel information clerk's store of information; a misdirection—these small things count in selling, not the hotel in which he is stopping, of course, but some other establishment of which the visitor probably knows nothing.

I have known a patron to quit a hotel because he was served cold toast for his breakfast; another who left because his breakfast coffee was not piping hot. Another I have known to leave because his baggage had not been promptly delivered. Another found an excuse in the fact that he could not get a taxicab one day when he was in a hurry.

A frequent source of dissatisfaction among hotel patrons is slow room service. For instance, who would conclude that he was stopping in a well run hotel if, after he had summoned a waiter to give an order for dinner, a half-hour elapsed before the servitor appeared? Or, after giving the order, who likes to wait an hour for the first course of a meal? Hotel patrons have been sold other hotels because the plumbing in their bathroom suddenly went out of business. Such eventualities occur despite the best intentions and efforts of the management.

I have known patrons to leave a hotel because they were not met at an arriving steamer; some who have had difficulties in getting through the customs have blamed the hotel, through its steamship agent, because he seemed to have no "pull" with the customs authorities.

Men who have the habit of patronizing one hotel often demand the same room each time. If the room clerks know the approximate date of the guest's arrival, they will often try to hold the same room for him, however heavy the pressure of business. More than once I have known a man to rush off to another

hotel because he could not get his regular room.

Since the advent of prohibition, certain New York hotels have suffered a great deal from noisy parties in bedrooms. Before almost every big banquet, numbers of guests engage bedrooms and there order quantities of aerated water, to be mixed with other

liquids surreptitiously brought in the hotel in suitcases. Frequently at the conclusion of the festivity downstairs a celebration is continued upstairs which is likely to keep everybody from going to sleep. More than once this has resulted in selling regular and irregular patrons of a hotel some other establishment.

If I were building a new hotel, I should first insist on a loca-

tion which would insure it patronage, insofar as location can. As I have indicated, proximity to a railway terminal is an important consideration, particularly for a commercial hotel. For example, a new hotel which is opened among others surrounding a railroad station can do good business from the start if it provides good accommodations and can cut its prices slightly.

The head is most important

BUT ALL in all, the most important essential—assuming that the location is all that could be desired, the inside operation economical, and efficient as well, and the advertising effective—is that it shall have as its controlling head a man who understands how to handle people, and how to inspire his staff with loyalty and a desire to make the service the best possible.

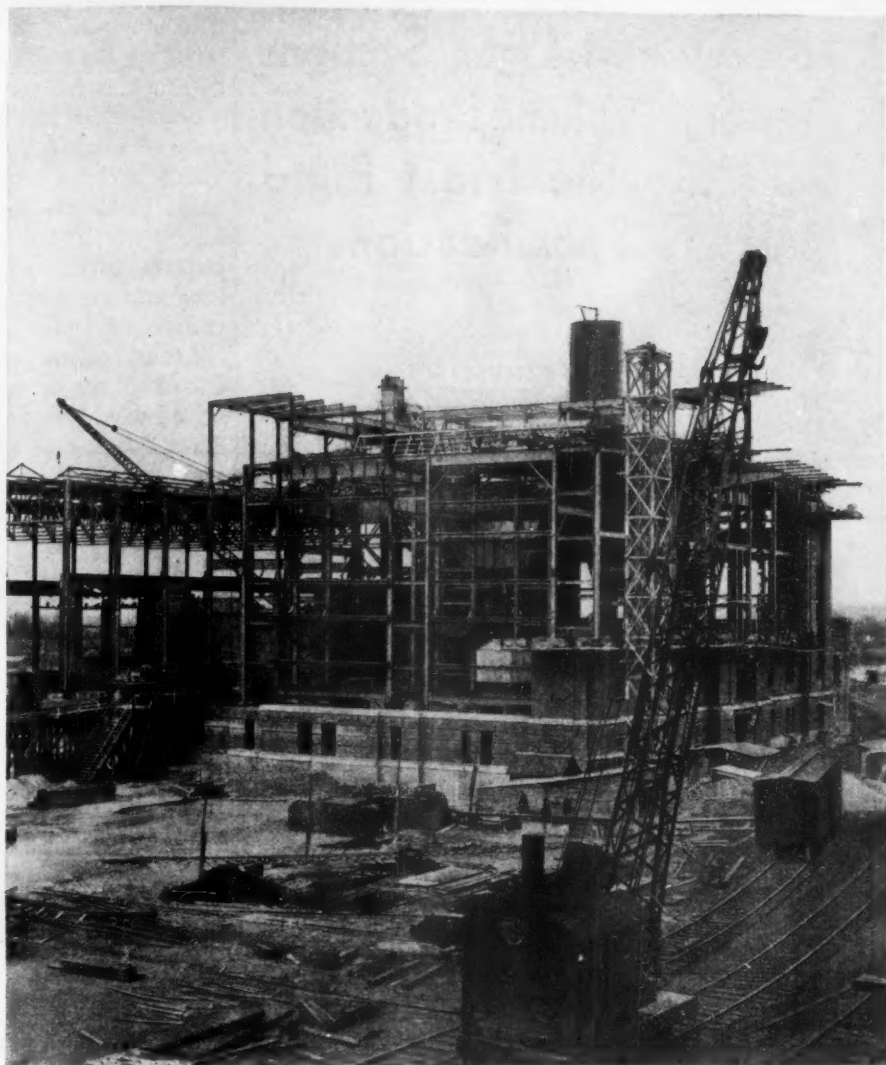
I have seen it demonstrated time and time again that a shrewd hotel manager can offset a lot of inefficiency with a joke or a good story, or even an ever-ready ear.

It is not selling a hotel once that keeps it alive and makes profits, but selling it over and over to the same persons. At least, that is what plays the biggest part in a fashionable hotel. Any hotel, with a one or two-night turnover, will find that it will one day be empty if it is not sold to its transients in such a way that they must come back.



A fashionable clientele draws the socially ambitious

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this means that steel allows the largest possible interiors—maximum floor space—highest rentals.

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To further an understanding of the many advantages of structural steel in construction, the American Institute has prepared a series of non-technical pamphlets covering practically every kind of structure. Let us send you gratis pamphlet devoted to the type of building you are interested in. Your request will bring it promptly. Write today.

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Juggling Corporate Capital

(Continued from page 45)

who are willing to take advantage of anything the law allows in the furtherance of this end.

Some states insisted that the original issue of stock could only be made for values at least equivalent to the par value as shown thereon. This seemed to be a worthy and sufficient limitation, but the overcoming of this apparent handicap was very simple. A brief illustration will suffice.

Let us assume that Messrs. A, B and C had options on some land which they hoped would prove to be oil bearing. Their hopefulness was so great, and the prospects of riches so enormous if their hopes were realized, that they formed a corporation with a capital stock of, let us say, \$20,000,000 consisting of 200,000 shares with a par value of \$100 each. They incorporated and became



Stockholders are happy as long
as good dividends are paid

directors, and as individuals they offered to turn over to the corporation all of their would-be oil lands, together with their hopes and aspirations therein, for the full amount of the capital stock, \$20,000,000.

This value was duly approved by the board of directors for the property, and the authorized capital stock issued accordingly. They had then a corporation owning certain leases, and as individuals they had certificates for shares therein with a total par value of \$20,000,000.

Neither of these effects, however, was sufficient to produce any real and usable cash, either for them as individuals or for the corporation, whereby it might develop its resources.

As a result, by formal and legal action



A group of great, modern American lumber plants—one in process of construction—that are now grade- and trade-marking their manufactured lumber for the convenience and protection of buyers and users

America's Oldest Industry becomes the Most Modern of All

The Lumber Industry now offers guaranteed lumber

WOOD is the indispensable material of civilization.

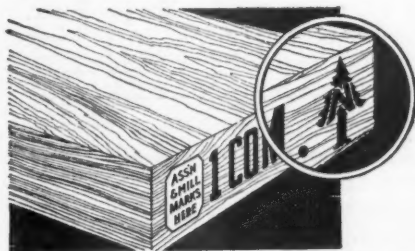
A product of life, it is forever producible . . . inexhaustible.

It is intertwined with all the intimate traditions and customs of mankind.

Woven into the fabric of industry in 4,500 commodities, blended through daily contact and use into the life of all humanity, the beloved home-building material of 80,000,000 Americans, its quality is of supreme importance.

Lumber manufacturing, the oldest American industry, now becomes the

newest—as an organized industry it guarantees the quality of its members' products. This is the most radical, the most revolutionary forward step in merchandising ever taken by an industrial group.



Grade-marks on each board plainly indicate quality. The "Tree-Mark" signifies the guarantee that the grade-marks are correct.

The "Tree-Mark" on the board is the sign of the guarantee. Look for it, demand it, specify it! It adds value to your house, gives assurance to every wood-using industry, lends confidence to every purchase.

Write or send the coupon below for the interesting free booklet—"Taking the Mystery out of Lumber Buying"—all about the guarantee and lumber grading—and tell us what lumber uses interest you.

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- *California White & Sugar Pine Manufacturers Association, San Francisco, Calif.—California Pines, White Fir
- *Hardwood Manufacturers Institute, Memphis, Tenn.—Oak, Gum, *Tennessee Aromatic Red Cedar, Southern and Appalachian Hardwoods
- *North Carolina Pine Association, Norfolk, Va.—North Carolina Pine
- *Northern Hemlock & Hardwood Manufacturers Association, Oshkosh, Wis.—Hemlock, Maple, Birch and Northern Hardwoods
- *Northern Pine Manufacturers Association, Minneapolis, Minn.—White Pine, Norway Pine
- *Southern Cypress Manufacturers Association, Jacksonville, Fla.—Cypress and Tupelo

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- *Southern Pine Association, New Orleans, La.—Long Leaf and Short Leaf Southern Yellow Pine
- *Western Pine Manufacturers Association, Portland, Ore.—Pondosa Pine, Idaho White Pine, Larch
- *National American Wholesale Lumber Association, New York, N. Y.
- *West Coast Lumbermen's Association, Seattle, Wash.—Douglas Fir, Sitka Spruce, West Coast Hemlock, Western Red Cedar
- *National Association of Wooden Box Manufacturers, Chicago, Ill.
- *Maple Flooring Manufacturers Association, Chicago, Ill.—British Columbia Lumber and Shingle Manufacturers, Ltd., Vancouver, B. C.
- *British Columbia Loggers Association, Vancouver, B. C.
- *American Wood Preservers' Association, Chicago, Ill.
- *Oak Flooring Manufacturers Association of the United States, Chicago, Ill.
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"Vision of Prest-O-Lite," the Ryan Flying Office used by Vice-President McDuffee. Pilot Richard Knox at the left

Ryan Flying Office in Regular Use By Vice-President J. H. McDuffee

Today, flying is part of business routine with many alert organizations. Vice-President J. H. McDuffee of Prest-O-Lite is but one of an ever-increasing number of business executives who make regular use of company-owned planes.

The Ryan Flying Office adds greatly to Mr. McDuffee's range of personal contact with field representatives and distributors, and permits him to keep business moving as usual while in the air.

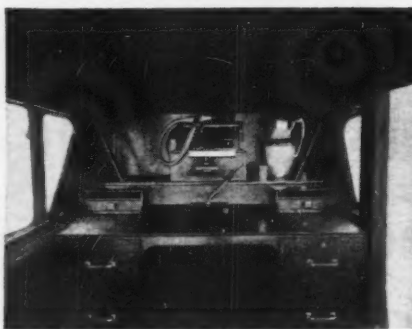
Choice of a Ryan by Prest-O-Lite was only natural. Ryan's world-wide reputation for brilliant, economical performance and air-worthiness is the inevitable result of painstaking design and the more-than-necessary ruggedness built into each

of the hundreds of Ryan ships now in owners' hands.

Equipped with a 300 horsepower engine—installed in



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Completely equipped desk of the Ryan Flying Office

perfect relationship to the plane's design—today's B-5 model is demonstrating more conclusively than ever before Ryan's outstanding performance and reliability in service.

The new Ryan has a cruising radius of 700 miles at 120 miles per hour. It takes off fully loaded in 275 feet and in 8 seconds' time, climbs 1,200 feet per minute—and lands in a 200-foot circle.

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Messrs. A, B and C donated, let us say, 80 per cent of their stock back to the corporation. This stock, having been duly and legally issued for its full par value, and then reacquired by the corporation as donated stock, was available for sale at any price obtainable. Many purchasers could not resist the lure to become a shareholder in an oil enterprise, particularly when they could obtain a certificate which stated that its par value was \$100 for a very nominal investment of, say, \$30, \$20, or even eight or seven dollars.

Legal remedies were sought

ULTIMATELY, however, market price asserted itself as a factor to be recognized as more valid than engraved scrollwork, and the time came when the falsity of the par value as an indication of true worth became recognized to such an extent that the legislators of many states enacted statutes which they hoped would be remedial in character.

These authorized corporations to issue shares of capital stock stipulated as having "no par value." This plan also first appeared to be both simple and effective. If a corporation's capital consisted solely of 1,000 shares of stock without par value, the value of each such share was one one-thousandth of the net worth of the corporation.

Any holder of such a share therefore would not be deceived by any misleading value stated on the certificate. The plan had much to recommend it, and it was hailed with delight by many corporations who immediately proceeded to issue stock of this character, often without any justification.

To a certain extent the scheme of issuing no-par stock accomplished the purpose intended by its sponsors. The public was no longer deceived by any expression of value within the certificate, and therefore had to seek elsewhere for guidance as to the worth of the shares.

As an offset to this advantage, however, numerous other problems arose which had not been so burdensome in connection with stock having a par value. One of these problems lay in the determination of the proper amount to record upon the corporation books as an indication of the amount of the corporate capital represented by the issued shares of no par value.

In the case of par-value stock, the amount expressed for such stock on the company's books was always the equivalent of the par value of the shares issued and outstanding. If the corporation received less than this amount in the issuing of these shares, that was

expressed in the accounts with some designation such as "Discount on Capital Stock." If the corporation received more than the par value it was usually shown on the books as "Paid-In Surplus."

Thus, the par value of the shares gave a clear and definite basis for purposes of record in financial statements, even though this value did not represent the true book worth of the shares.

In the case of stock without par value no such basis of expression was afforded, and the laws of nearly all states were silent upon this matter save for a clause indicating a minimum amount per share. In the majority of states this amount is either one dollar, or in some cases five dollars, per share. From an accounting standpoint the answer seems to be that the amount of capital resulting from the issue of shares without par value should be the net amount received by the corporation because of such issuance. This procedure is followed by many corporations, and is supported by good logic and by sound business judgment.

These reasons, however, do not seem to be all that is desired by some. Therefore many corporations, with the advice and consent of counsel, have chosen to regard as capital only a portion of the amount actually received from the sale of stock, and to set up the remainder as surplus.

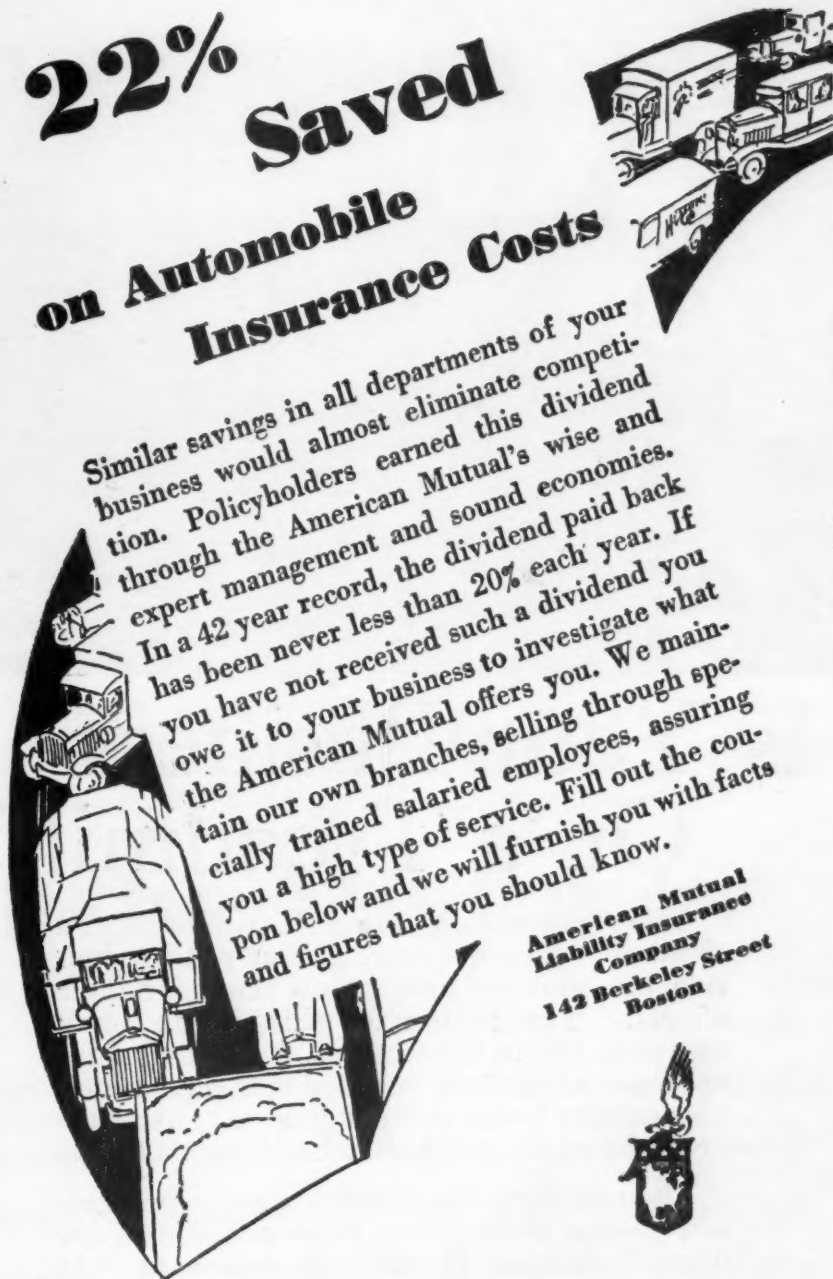
Destroying the safeguards

THIS is not prohibited by the laws of the states under which they are operating, and now, to give additional validity to such action, some states have specifically worded their law not only to permit but to sanction such procedure.

At a casual glance this may seem a harmless, and perhaps even a convenient privilege. But if one considers the purposes underlying the creation of the entity known as a corporation one realizes that the safeguards originally prescribed have been quite completely set aside by such legislation.

If we keep in mind the thought that the amount of capital of a corporation was originally walled in to protect creditors so that no portion of it may be carried over the wall into the funds of stockholders where it is no longer accessible to the processes of law that may be evoked by creditors, we can readily see that the law above referred to, while it has not broken down the wall, has placed nice one-way doors therein, through which the stockholders may, with the sanction of the law, withdraw large portions of the capital at will, and

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Is Your Business On a Treadmill?

Many companies today are running on a treadmill—they are busy getting out production but showing little or no profit for their efforts. The reason for this, in no small measure, lies in the fact that these companies have not adequately realized that competition necessitates lower cost production . . . smaller inventories . . . and better handling methods.

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Plants: Brownhoist Division, Cleveland, Ohio; Industrial Division, Bay City, Michigan;
Elyria Foundry Division, Elyria, Ohio

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

the creditor is still debarred from pursuing such assets.

As displayed in a balance sheet, the measuring accounts which offset the assets of a corporation are divided into three classes—liabilities, capital stock and surplus. Of these, under the old law, two classes were quite definite.

The liabilities could be measured accurately. The capital stock was a definite amount. The third item, surplus was the balancing item, and it is from this surplus, which measured the excess over liabilities and capital stock, that dividends properly may be declared.

This new law specifically states that "any corporation may, by resolution of its board of directors, determine that only a part of the consideration which shall be received by the corporation for any of the shares of its capital stock which it shall issue from time to time shall be capital. . . . The excess, if any, at any given time, of the total net assets of the corporation over the amounts so determined to be capital shall be surplus."

A reservoir of dividends

NOTICE how attractive this proposition is for corporations whose income is negligible but who, nevertheless, desire to pay dividends from the beginning of corporate life. Take a specific example.

A new corporation having 100,000 shares of no-par-value stock issues this stock to net the corporation \$50 per share. The board of directors by resolution decides that 10 per cent of this amount shall be recorded as capital and the remainder as surplus.

That gives them a balance sheet showing, capital \$500,000; and surplus, \$4,500,000.

Out of this surplus they may then vote dividends of, say, five dollars per share per annum, for as many years as the surplus allows them to perform this little maneuver.

The investor who receives an apparent income of 10 per cent of the amount he paid for his shares is likely to consider that he has made quite a wonderful investment; and will probably not be inclined to question the source of the dividend, much less to suspect that it is being returned to him out of his own original investment.

Holders of stock are proverbially happy as long as good dividends are regularly received. Far be it from them to question the whys and wherefores of such excellent returns.

This illustration, however, does not touch on the real possibilities afforded by this law, as in this case we are pre-



Note the elements of **STRENGTH, POWER, and BEAUTY of DESIGN** in the Heavy-Duty Internationals. This is Model 54, 2½-ton. Other Heavy-Duties range up to 5-ton. All have 5 forward and 2 reverse speeds.

King of the Highway

In this great automotive age the success of International Trucks stands like a beacon on the horizon. Coming into prominence like a thoroughbred destined for victory, International Harvester has scored a triumph in truck engineering and in popular approval throughout the world. The basic reason is twofold: International trucks are soundly built on twenty-five years' experience in automotive manufacture—and International performance is safeguarded by a Company-owned truck service organization without a peer in the industry.

International Trucks include the ¾-ton Special Delivery; the 1-ton Six-Speed Special; Speed Trucks, 1½, 1½, and 2-ton; and Heavy-Duty Trucks to 5-ton. Company-owned branches at 174 points and dealers everywhere have the line on their display floors for convenient inspection. Catalogs on request.

INTERNATIONAL HARVESTER COMPANY

606 S. Michigan Ave.

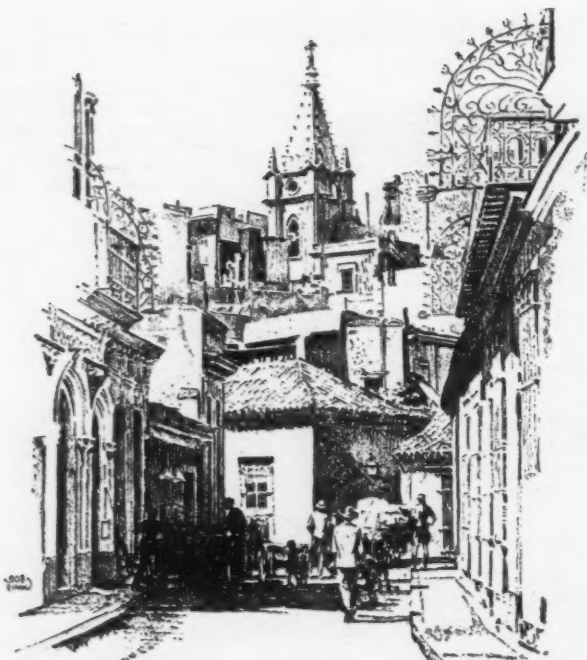
OF AMERICA
(INCORPORATED)

Chicago, Illinois



INTERNATIONAL TRUCKS

When writing to INTERNATIONAL HARVESTER COMPANY please mention Nation's Business



CUBA

Near the office—Decidedly Foreign

FOR the man who seeks absolute separation from the cares and worries of business contacts, nothing else quite takes the place of foreign travel. It's the complete change of environment that takes your mind out of the customary channels, furnishing it with new scenes, new sights, new customs and new things to dwell upon. In this day and time of rapidly changing conditions and quick moves in business strategy, distance must be achieved by change of environment rather than by miles. Vacation in Cuba provides this means of complete recreation without the penalty of being too far-removed from the scene of action. Havana is a city that's entirely foreign—foreign as no other city is, for all of Cuba is a strange intermingling of the Old World and the New. There's something of Paris—the Riviera—Monte Carlo—combined with the exquisite restfulness of the tropics—all in a background of Old Spain's ancient cathedrals, gorgeous castles—grey-walled forts—quaint colonial towns. A different language (which it isn't necessary to know)—different foods—every opportunity to divorce the world you're used to and give yourself over to complete enjoyment of the present. There's every facility for modern summer sports throughout the winter. Something to do every minute—something new to see. A wire from the office, calling for a quick return? Two hours to Miami by air—thirty-two by train to New York. Or you can take the air route all the way. Plan now to bask in the perpetual health-building sunshine of the tropics; to enjoy the care-free life of the Smartest City in the Americas. Make up your mind to reap the benefits of a *complete* change. Your efficiency will be greater after your return. : :

Long distance telephone service to U. S.

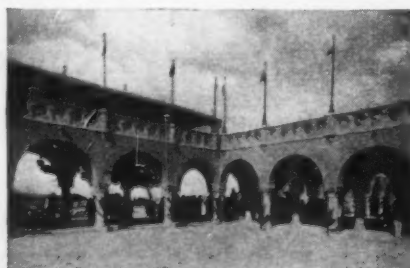


PHOTO BY AN. PHO. SEP.

For information—Any Cuban consulate—any travel agency—any railroad, airplane or steamship office, or the Cuban National Tourist Commission, Havana

When writing for information please mention Nation's Business

suming that the investor receives back his original investment, a little at a time, save for such portion of it as may be absorbed in salaries to officers and other expenses and possible losses of the corporation.

The day of reckoning is at least delayed for a number of years. In actual practice, when the possibilities of this law become fully apparent to certain types of corporation organizers, one can readily picture a much more disconcerting state of affairs.

Let us say that A and B have a factory which has outlived its financial usefulness and possible purchasers at attractive figures are not available.

A and B may form a corporation with stock of no par value, issuing one-half of it to themselves for their properties and selling one-half of it to the public on the basis of a showing of past earnings or on some other popular line of inducement.

Double profits are possible

BY controlling the board of directors they may fix the capital at a most nominal figure so that all the remainder of the purchase price of the shares shall become surplus, out of which they may then pay dividends so long as the surplus lasts.

Since they own one-half of the shares, naturally they receive one-half of the dividends, which may give them a pleasing price for the properties they turned over.

Not only that, but the stock-market price for shares is so heavily influenced by continuous attractive dividends that before the surplus is exhausted they may be able to dispose of their shares for an additional sum which is largely "velvet."

This article, of necessity brief, has touched on a few of the possibilities of these more recent laws enacted by our legislators, and the few points which have been presented will no doubt pale into insignificance as compared with the financial deeds of valor that will be accomplished when some of our able manipulators begin to realize the significance of the little one-way doors and what may be carried out through them.

Times change, and what was known as capital of corporations seems to be changing also. The wall about corporate funds is no longer impregnable. Legal doors may open readily for the withdrawal of true capital put up in little bags neatly labelled "Dividends."

But they still close sharply against creditors proposing to pursue such withdrawals with their claims.

"We could NOT DO BUSINESS without it"



THAT is certainly a strong recommendation for the Century Protectograph. But read the entire letter from Empire Produce Company of Elmira, New York:

"This office is the controlling office for our five branches and as all merchandise purchase items are cleared and paid by us, we issue 20,000 checks in a year and feel that we are in a position to give this Protectograph an honest recommendation.

"It is well built, light, durable and does not necessitate experience in order to operate. The keys are pulled in place and the operator can tell at a glance whether or not the amount will be correct before pulling the lever which writes the check. Checks are quickly written, easily read, neat and look well balanced. The 'Century' is convenient to handle and has handy inking facilities. Our praises are high for the 'Century.' We could not do business without it."

Judge the superlative new Century Protectograph for yourself. Have a Todd demonstrated in your office. Or send us the coupon for complete information. The Todd Company, *Protectograph Division*. (Est. 1899.) Rochester, N. Y. *Sole makers of the Protectograph, the new Super-Safety Checks and Todd Greenbac Checks.*

Because Todd users qualify as preferred risks they enjoy discounts of from 25 to 60% of standard premiums for forgery insurance.



Trade-in allowance

Todd representatives appraise old check-writers fairly because Todd Protectographs are priced fairly. An extravagant allowance for your old check-writer could be possible only if the new machine had an inflated price and an excessive selling margin. The most important thing to you is not what you are allowed for your old check-writer . . . but how much actual value you get in the new one, for the dollars you invest. Before you buy any check-writer, safeguard your investment by comparing its performance and reputation with those of a Todd Protectograph.

THE TODD COMPANY
Protectograph Division
1130 University Avenue, Rochester, N. Y.
Please send me further information about the new Century Protectograph.

11-29

Name _____
Address _____
Business _____

TODD SYSTEM OF CHECK PROTECTION

When writing to THE TODD COMPANY please mention Nation's Business

Are You Still Making «Model T»?

By E. W. McCULLOUGH

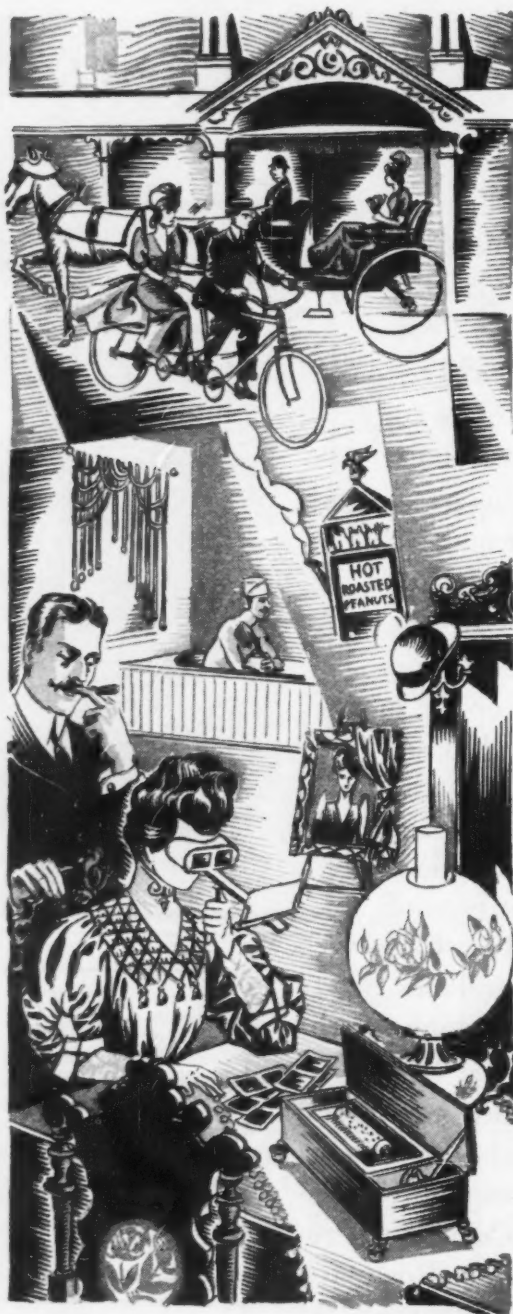
Manager, Department of Manufacture, Chamber of Commerce of the United States

ARE you still making "Model T"? Does the question disturb you? "Model T" was a good car, a car sold to millions and produced at lowest cost. It had world-wide distribution and it advertised itself. Stocks of repairs were everywhere for the consumer's convenience. It had steadily built up good will for years till its name became a household term for good motor service—even its price was not complained of!

Were there ever conditions that seemed to justify letting well enough alone, following what in the good old days would have been termed a safe, conservative course?

Many industries have had, and some still have, their "Model T's," on which fortunes have been built. It was the fashion 25 years or more ago—when we didn't have so many bathtubs and people's wants were simpler to make staples, which consumers bought and liked and used for years. We could let well enough alone—and did.

A scientist of repute made the following disquieting statement of a well known but easily overlooked fact. He reminded us that there is nothing so constant as change, and that when after years of toil we have brought our yesterday's product, "Model T," to the point where production and sale are almost routine matters, we are likely to be facing our greatest danger—complacency. He even suggested that this may be the time to give a



WHOEVER heard of yearly models in the days of the tandem bicycle and parlor lamp? Consumers bought, liked and used things for years then. Manufacturers could and did let well enough alone and still prosper. But today, well—

chance to some of the bright young men of our organization.

Would this scientist, then, throw us, the matured, into the discard? Well, no, hardly! He went on to remind us that in the last ten years 25 million persons have been born in this country; that if you happen to be aged 40 now, 80 per cent of our people are younger than you. Also, that the newer notions of this 80 per cent must be catered to.

Two-and-a-half million persons added to our nation by birth each year create new problems that range from the cradle to the grave. How styles in baby blankets and caskets have changed, even within our time!

Our problem is always sensing the buying mind with due regard to its age, intelligence and education, and following its trends regardless of the way we personally feel those trends ought to be going. The manager of an old and reputable corset business almost wrecked it by his unwillingness to give up his conviction that time would return corsets to the list of important apparel.

Courting the customer

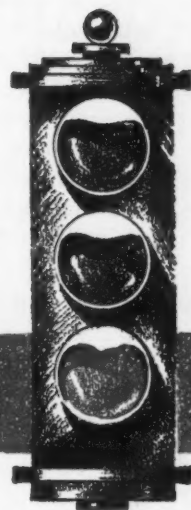
A GREAT merchant gave to his salespeople the slogan, "The customer is always right," believing he would reap more profit by not permitting them to antagonize buyers through substituting their judgment, even though often right.

What consumers think of our product is all-important. Even more important is our own

Sales effort today

NEEDS

Traffic Control



AN EDITORIAL BY

W. C. DUNLAP, VICE-PRESIDENT

IN CHARGE OF SALES

THE AMERICAN MULTIGRAPH SALES COMPANY

SALES management is asking itself a new set of questions. The old ones were: "How much speed can we make?"—"How much territory can we cover?"—"How much volume can we roll up?" The new questions are: "Where can we find our most profitable markets?"—"How can we reach them most economically?"—"How can we make our volume mean something in the terms of profit?"

Successful sales management has developed a keen eye for the traffic signals that mark its various avenues of effort . . . for the showing of profit that says "Go ahead" . . . or for the red indicator that says "Stop." It learned that speed without direction is waste. Selling has become more selective. As a consequence we hear less talk of "profitless prosperity" than was current within the past year.

Do
You Know Your
Market?

Selective control—a traffic system for selling—is a principle which we have studied intensively and tested exhaustively in our own organization. We believe in it because we have watched its results not only in our own activities but also in those of our customers.

Our observation convinces us that it is a sound remedy for dwindling profits. We have seen it reduce sales costs, increase profits, improve collections, raise the morale of salesmen by giving them better income and the morale of customers by putting products into the hands of those best equipped to use them effectively. In our opinion it may be worth while to sacrifice volume for better margin of profit—although our application of selective selling methods in our business has increased volume instead of diminishing it.

To meet the new conditions which call for more carefully controlled sales effort we have developed new Multigraph equipment. It is a part of the system which has made our selective selling successful. It has been used by our customers with equally telling effect.

If you are interested in applying this new selling technique more effectively in your own business, I shall be glad to discuss it with you. Address W. C. Dunlap, 1806 East 40th Street, Cleveland, Ohio.

There is a new **MULTIGRAPH**
for today's new selling conditions

When writing to THE AMERICAN MULTIGRAPH SALES COMPANY please mention Nation's Business

knowledge of what those consumers think—millions are being paid to determine it.

Time levies its toll on every creation of man, whether it be a crowbar or an electric crane. Obsolescence begins almost before the paint is dry on a product in these fast-moving times. The decline in the article's intrinsic value may appear slight; still in the eye and mind of the buyer it may be great. This, after all, is the determining factor. It is hard to realize that the Jones Shaper Head, which made father's fortune and ours thus far, may not carry us through indefinitely as it has done for so long.

Staving off the inevitable

OUR young salesmanager suggests an improvement or a new type, and his arguments almost convince us. But no! We will put on an additional salesman, try a little advertising, jack up the superintendent on paring down his costs, and go on as usual, hoping the inevitable may not occur.

Yet, of the 5,906 plants lost to American cities in 1926-1927, according to the recent survey made by the Metropolitan Life Insurance Company for the National Electric Light Association, 18 per cent moved away, while 82 per cent went out of business. How many failed to follow their hunches and drop "Model T" is not given, but obviously they must figure large in this mortality.

The puffing, smelly, one-lunged motor car gave scant warning to the prosperous manufacturer of wagons and carriages, that it would soon occupy the roads to the exclusion of all else.

The time required for this transition was little short of marvelous, and many made bad guesses that resulted in real disaster.

One successful maker of carriages and buggies realizing that the general use of the automobile would depend upon good roads, reckoned that as the building of hard roads was then in its infancy he could make a profitable speculation through acquiring a number of vehicle factories at auction prices and turning them at a handsome profit before vehicles gave way to the motor.

His calculations went awry because of the rapid improvement of the automobile. This improvement created such a universal desire for the auto that states, counties, townships and municipalities rushed headlong into bonding for hard roads, which were built almost overnight, regardless of cost. Then no one wanted a vehicle factory.

Still another typical instance of quick change may be cited. Patriotism, as we

entered the World War, caused our wives and daughters to contribute their bit through the knitting of socks and other comforts for the boys "over there," and the novelty of it continued after the war in marvelous creations of embroidery and art needlework.

The demand for silk floss and similar materials to supply these "home factories" was so large and the continuity of the activity so promising that outputs of these materials were tremendously increased and buildings were built to afford necessary production.

The "fad," so-called, ebbed almost as suddenly as it had arisen and instances of embarrassment, financial and otherwise, resulted.

Indeed, all lines where style and design are factors are in a constant state of flux and the need of alertness to change has now become recognized.

In other and heavier commodity lines changes and adjustments are going on at almost as great a rate. What an evolution has occurred in equipment used in the construction industry, where the old hand tools have been replaced by steam, electric and oil shovels and cranes, pile drivers, concrete mixers, and conveyors for delivery of material on or off the job. Or in the machine-tool industry, where the demand for staples now largely comes from repair shops, but the large volume is special-purpose equipment.

"I think we'll have to create a new department in this mill and call it the 'Department of Change' and put you in charge of it," sarcastically said a seasoned manufacturer to one of his young men who suggested a radical variation in product design, but which nevertheless was a real improvement.

Costs may be suited to needs

DEPARTMENTS of change, more commonly called research departments, in many lines of industry are not innovations. The cost of their operation can be made just as moderate or as great as management or necessity may dictate.

The trade associations which provide this research service for their industries are rapidly increasing in number and yet this does not exempt the individual manufacturer from the necessity of adding to his trade association's findings those which he must develop for his individual products.

It seems obvious that with our population increasing at the rate it is each year, we must prepare to meet the new elements as they enter our markets. Time was when we, seasoned journey-men in a particular industry, could con-

struct from our experience products to meet all the consumer's needs. Today, the consumer thinks he knows what he wants and we either meet his needs—plus his fancies, notions or fads, or he trades with some one else.

The story of Andrew Carnegie scrapping a new steel plant immediately after its erection because his engineers had discovered a process by which costs could be reduced \$3 a ton has often been told. Perhaps the story has had little effect on the small manufacturer, because of the magnitude of the Carnegie undertaking. Yet the application of the principle to the small manufacturer's case would be the same.

The question so constantly reiterated today, "What is to become of the small manufacturer?" might also be asked concerning the farmer or any other business man. Likewise it could be answered in practically the same way, "It depends on himself."

For if everything material, as C. F. Kettering of the General Motors Research Laboratories suggests, is in a constant state of change, whoever would survive and succeed must adjust himself to meet changes.

Ideas supply the foundation

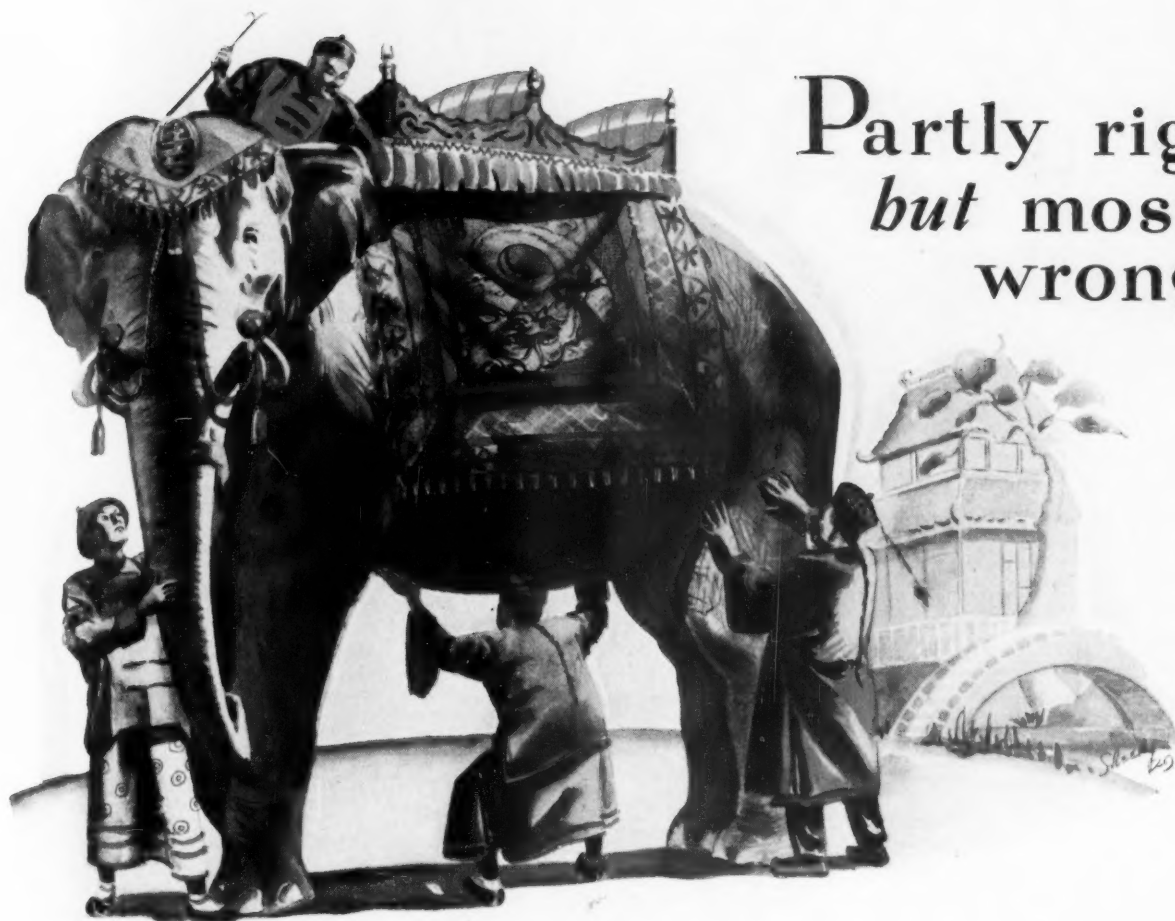
AFTER all, a business is founded on an idea and is given its material clothing by an individual. Large business is but the expansion of that idea by the added wisdom of others. New lines of industry will continue to be built around the thoughts of individual conception.

Diminishing returns at one time were the signals for changes of policy in production. That method is too slow for today. Then staple lines staged frequent comebacks. Now public fancy seldom retraces its steps to favor old lines.

No amount of loyalty to old models can stay the trend from the old to the new. It is obvious that when majorities are turned in a new direction by novelty, improvement, ingenious advertising appeal, or what not, it is wisdom to heed the direction their favor is taking and trim sail accordingly.

The farmer harvests his grain today with a "combine," cutting, threshing and sacking it in one operation. He will never return to the old way. The "combine" is not new, but it awaited more general endorsement; the equipment maker who caught the trend early made large profits.

Similarly the industrial world of today seems to be made up of opportunities and hunches which, if rightly converted to action, determine for us when "Model T" shall become "Model A."



Partly right
but mostly
wrong.

THESE three old sages were blind. Long ago they lost their eyesight in the great Kuble Khan's service. And so, one day, they fell to arguing as to what the Khan's new animal from India was like. To settle the dispute they repaired to the court yard.

Each, touching a different part, described the great animal thus:

"It is like a great tree."

"No, no! Like a great bridge."

"Fools, can't you see? It is like a great snake."

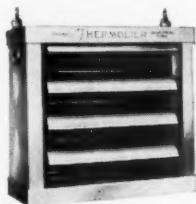
The driver with wide open eyes—looked down and laughed aloud. How could he explain, except to say: "You're all partly right—giddap Rajah!"

Had there been three other wise blind men, the one at the tusk would have cried "It's like a stone"; the one riding behind the ears, "No—like a fan"; and the other on the broad back—"No, a carpet."

Business men, who for years have known well some one phase of Grinnell Company's activity,—are apt to conclude that *that* division is the whole, or at least a major part of the company's business. Each could argue very plausibly from personal experience that Grinnell Company is greatest in some one product or service in the field of industrial piping, perhaps unknown to the others. Any engineer or architect knows why each of six old Grinnell customers could be partly right, and yet each be very much wrong.

Almost every day we learn of a surprising difference of opinion between the president of a company and technical men in his own organization as to what orders should be given to Grinnell Company and which to competition. So we have listed here six of our principal divisions for the information of Presidents.

1 Thermolier the copper unit heater. A better and cheaper means of heating many types of industrial and commercial buildings.



2 Pipe Fabrication. Pipe bends, welded headers and the Triple XXX line for super power work.

3 Cast Iron Pipe Fittings perfectly threaded, accurately machined and rigidly inspected.

4 Pipe Hangers featuring easy adjustability after the piping is up.

5 Humidification Equipment. Complete systems employing the unique automatic control, Amco; furnished through American Moistening Company, a subsidiary.

6 Automatic Sprinkler Systems. The world's largest sprinkler manufacturer and contractor. The famous Quartz Bulb head is far quicker to operate than old fashioned solder heads. Its operating element is proof against corrosion and loading.



GRINNELL



COMPANY

Branches in all Principal Cities

Executive Offices: Providence, R. I.

When minutes mean life itself... *ELGIN keeps the time*

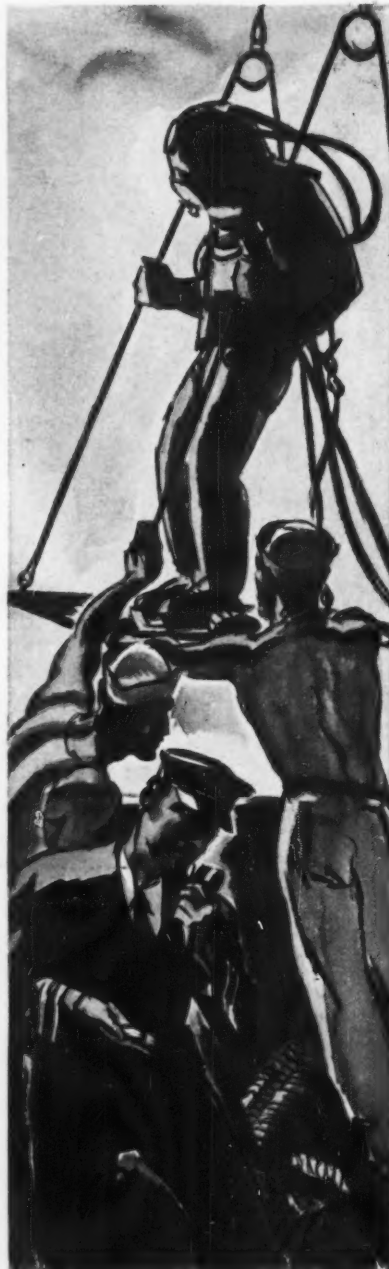


COMMANDER ELLSBERG who raised the sunken submarine S-51... Author of "On the Bottom."

Down twenty fathoms to the slither and muck of the ocean floor, where death dwells in the queer green twilight, slowly sinks a diver.

On deck men stand intent at the air lines... eyes fixed to the stream of bubbles rising from the diver going down, eyes fixed to the air gauges... and to the creeping hands of an ELGIN.

For here... as the heroes of the Falcon salvaged the sunken submarine S-51... life itself was measured by time. Let time fail... let a watch deceive the man at the air-pressure controls... and the "bends" will attack the diver... that strange

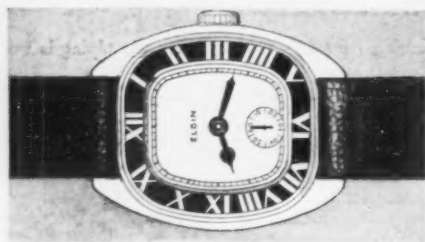


deep-sea affliction that bends men into knots, that maims and twists and paralyzes... its perils are vividly set forth in Ellsberg's book "On the Bottom."

Here was no mild and ordinary test of timekeeping. Here was the grimmest, hardest test a watch can know. For here life itself was pinned to the hands of a watch.

The odds are certain that you will never don a diving suit and explore the ocean's depths. Perhaps you'll never pilot a plane... nor run a locomotive. Never call upon your watch to share in some vast heroic service. Yet there's pride in owning such a watch that would be worth the payment of a higher price.

But there is no higher price... ELGINS meet and compete in price with every watch of comparable quality. And as for its accuracy, its timekeeping, its utter dependability... ask Ellsberg... or any admiral, general, railroad man from engineer to president, ask any aviator who has told us... and you... how finely their ELGINS have served them. And just ask your jeweler to show you his array... as for ELGIN'S style and smart good looks.

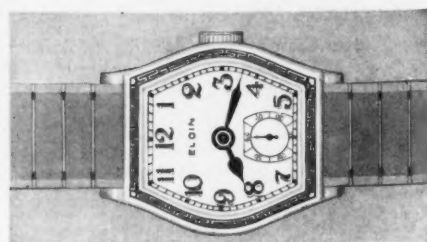


ELGIN Legionnaire worn by Commander Edward Ellsberg. No sturdier, smarter wrist watch has ever been created at this price. \$24.

© ELGIN, 1929



Another Elgin favorite, the famous B. W. Raymond 21 jewel movement, \$65



Another Legionnaire... just as sturdy, just as faithful in its ELGIN timekeeping, with stream line case, smart flexible band. \$23.

ELGIN WATCHES ARE AMERICAN MADE

There's Gold in the Golden Rule

(Continued from page 23)

building material we called Celotex, made from a by-product of the sugar industry. Now we are producing 1,600,000 feet a day.

Starting from scratch, in seven years we have built up our principal business to a volume of about \$15,000,000 a year. Our product has been used in more than 300,000 American homes, and is exported to 75 foreign countries. We are considered successful; but our achievement would have been impossible if we had not spent many thousands of dollars to aid a troubled industry and to help build up the business of those who influenced our own production.

One of our earliest lessons

OUR FIRST proof of the need to help others came early in our experience. I had learned something of the lumber and paper industries, and became in-

terested in finding a cheap and plentiful form of cellulose that was seasonally grown.

After much experimenting, I found that bagasse which is sugar cane after the juice has been extracted, has a high cellulose content, and I concluded that bagasse was the product I was looking for.

For more than a year, my associates and I worked to perfect a machine that would produce a semirigid board from this form of cellulose. At that time, we thought we had only a good, inexpensive building board. Since then, however, we have done considerable research and in our laboratories, have developed more than one hundred uses for it.

We established our first plant at Marrero, La., and soon found that our supply of raw material was uncertain and rapidly declining. Our production was increasing rapidly, and in 1926, the year

of the flood, we found it necessary to import bagasse from Cuba. That was expensive, and we realized that our business would be sadly curtailed if we could not obtain an adequate supply of raw material.

The despondent cane industry

THEN WE determined to use every resource to rehabilitate the sugar-cane industry in Louisiana. This was our first important experience in building up our own business by helping the other fellow and it was a big job. The consensus was that the sugar-cane industry in this country was doomed, because the seasons were changing, the sugar lands were worn out, insects and diseases were affecting the cane beyond remedy, and because most of the planters were losing money and had reached the end of their financial rope.

We heard these statements repeated

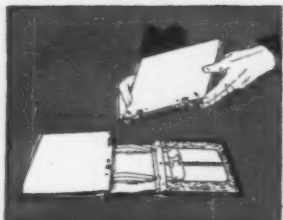


BURGERD BROS., TAMPA

One of the smaller drainage canals that have converted seemingly useless Everglade land into fields of sugar cane



A fleet of tractors worked night and day getting the rich lands near Clewiston, Fla., ready for cultivation



Four great selling points
of this binder



Are your CATALOGS as good as your PRODUCTS?

GIVE your salesmen a break . . . Give them a catalog they'll be eager to use . . . Give them a modern loose leaf catalog that stacks up with the modern high quality of your products . . . Enable them to quote up-to-date prices and specifications . . . Give them a binder that will help them sell more goods.

6 BIG FEATURES

1. Its well groomed cover is *better looking* than you ever thought a loose leaf binder could be.
2. The cover is *tough*—you can slam it around as much as you please.
3. You'll like the simple, easy way it *opens and closes*, for it has the satisfying precision of a thing well made.

4. When open, it *lies flat*. No illustrations or text are hidden in valleys between pages. Pages turn easily, and stay put.

5. Sheets can't possibly *tear out*. They are held as tightly as the pages of a bound book.

6. You'll like the way it operates for interchange of sheets. *Any* sheet in *any* position of the binder can be changed in 10 seconds.

Every salesman carries one or wants to . . .

Ask to see samples of covers that are being used by others in your industry. Call up the nearest Remington Rand office, or write to the main office in Buffalo, N. Y.

REMINGTON RAND BUSINESS SERVICE INC.

BAKER VAWTER — KALAMAZOO

LOOSE LEAF

Branches in all principal cities

Buffalo, New York

REMINGTON • KARDEX • SAFE-CABINET • DALTON • POWERS • LIBRARY BUREAU

When writing to REMINGTON RAND BUSINESS SERVICE, INC., please mention Nation's Business

endlessly but we did not believe them. We sent men to the Weather Bureau in Washington and charted the weather reports for southern Louisiana for 60 years. We found that the impression of changing seasons was a fallacy. The lines representing temperatures and rainfall, while they varied from one year to another, were comparatively straight over ten-year periods, and proved that there had been no change in climate.

The second claim was also proved to be erroneous. We employed chemists to analyze more than 30,000 samples of soil. In practically every instance they found nothing the matter with the land for growing cane. It is true that most of the soil was unbalanced as to the necessary fertilizing elements; but there was nothing to indicate that it was not practicable to bring back every plantation in the "sugar bowl" by use of the proper fertilizing elements.

Now the planters are taking proper care of their lands, and getting much better results. Scientific methods have been applied, and, incidentally, the fertilizer industry has benefited.

With the problems of climate and fertilization solved, we turned our attention to the cane, and soon found that deterioration was largely due to continuous inbreeding and improper selection of the seed, which had so weakened the plant that it could not resist diseases. The Louisiana production had dropped from an average of 17 to about six tons of cane per acre. Continued decrease meant that we would soon be without sufficient available raw material.

Finding help in Java

SO MY associates and I formed a subsidiary, The South Coast Company, and bought up several large sugar plantations for experiment and production. Then we obtained a new variety by crossing a Java cane with the home plant. In this important work we cooperated with government specialists, among them Dr. E. W. Brandes, senior pathologist of the sugar plant division of the U. S. Department of Agriculture, and Dr. Arthur H. Rosenfeld, who had rehabilitated the cane industry of the Argentine. Within a few seasons this

work increased the yield of our own and many other plantations to 25 tons per acre.

We invested a good many millions in this venture. The investment has paid us, and it will continue to be profitable from our viewpoint; but the fact I want to emphasize is that our work has made and will continue to make much more for others than it can possibly make for our companies. It will assure us a large and increasing volume of raw material concentrated in a relatively small area, which is necessary to our success; but it will also benefit thousands of individuals, build up the value of sugar and other lands, increase our domestic production of sugar, and add to the prosperity of the state and the country.

Then there was the incidental but important problem of financing, and it confronted every producer of our raw material. After the flood in 1926, most of the Louisiana plantations were under

corporation which has since loaned the planters several million dollars on a plan that has been much more satisfactory.

We turn to the Everglades

BUT EVEN if Louisiana produced its maximum of cane, we realized that we would soon need more raw material. We began to look around for nearby lands that would grow sugar cane profitably. We learned that, years ago, Dr. Harvey Wiley, when chief of the Bureau of Chemistry, had experimented in cane growing in the Florida Everglades. He reported the soil and climate suitable, so we set about a study of the proposition.

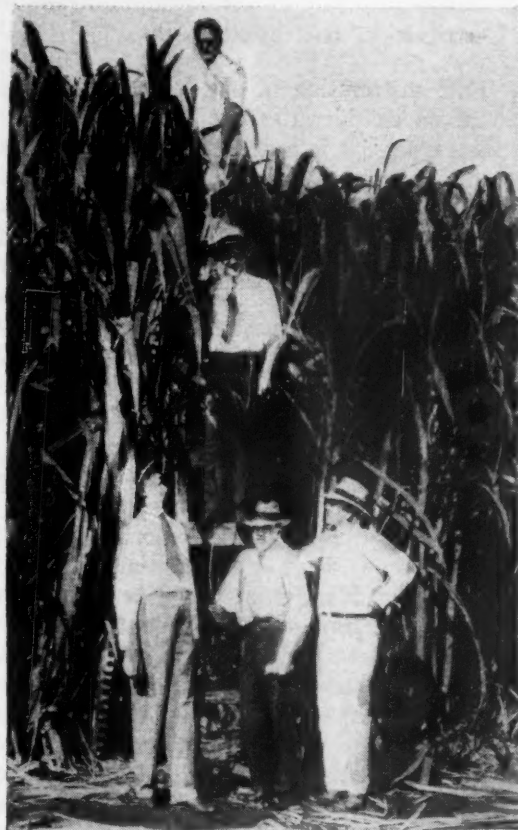
A great many people assured us that it could not be done. They pointed out that Florida had spent about \$20,000,000 in futile attempts to drain parts of the Everglades, and prophesied that we would merely throw good money after bad. But several drainage engineers, whom we employed, reported that our plan, a system of dykes similar to that of Holland, was feasible.

This venture resulted in the organization of still another subsidiary, The Southern Sugar Company. We bought approximately 90,000 acres of Everglade swamp land and as time went on, increased our holdings to 160,000 acres. We now have 85 miles of large main canals, 315 miles of lateral and 110 miles of field ditches. Also we have installed Deisel pumps that are adequate for any emergency, and that place the entire acreage under complete water control.

Our first Florida sugar mill, at Clewiston, was officially opened January 19 and within a week we were shipping raw sugar to Georgia refineries. This mill is supplied by 5,000 acres of cane planted last year, and 6,000 additional acres are in cane this year. In anticipation of the increased production, a 600-ton mill is ready for operation at Canal Point, with still another mill of 4,000 tons daily capacity at Clewiston ready for the 1929 grinding season.

Millions of dollars have been invested in this Florida project, and again we find that others are benefiting to a greater extent than we shall ever benefit from the investment. Two railroads have found it profitable to build to our property, and where there was nothing but a seemingly useless swamp a few years ago, approximately 7,000 people are now living in prosperous towns.

Within five years, in my opinion, Florida will be producing at least \$50,000,000 worth of sugar annually



Use of proper fertilizing elements has brought about such cane crops as this on land that was considered worn out

the control of the banks, and the industry in the state was at the lowest ebb of its history. Our analysis plainly showed that the peculiarities of the industry made bank financing inadequate for it, and that a more practicable method was necessary. Therefore, we helped to organize a subsidiary finance



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and with a much larger production in prospect from the additional lands which are suitable for cane growing when properly water controlled and cultivated. Doubtless this will mean competition for us, and we shall welcome it, for we know that we cannot prosper in the way we want unless the entire industry prospers.

In our relations with the producers of our raw material and those who distribute our finished products, we find that the same principle operates to our mutual benefit. Since the planters use bagasse for fuel, the price of other fuels was the only standard by which we could fairly rate the price for bagasse. We could have offered the planters a few cents a ton more for their bagasse than they would have had to pay for an equivalent of other fuel. But we were not merely buying raw material, we were rehabilitating an industry. So we set a price for bagasse 100 per cent higher than its value as fuel.

Distribution for distributors

IN THE distribution of our finished product we consider the fact that the distributor's profit is a necessary item of cost. Like many other manufacturers, we were puzzled for a time regarding how much control we should exercise over the business of our distributors on our products. Then we decided to turn our distribution problems over to our distributors and put the responsibility up to them.

This decision resulted in the National Celotex Dealers Council. On October 25, 1927, we called a meeting in Chicago. Eight prominent retail lumber dealers and two representatives of the National Retail Lumber Dealer's Association attended. Out of this meeting has grown an organization of representatives elected by groups of their fellow distributors. These representatives, now 12 in number, meet with the officials of The Celotex Company four times a year, and, on a cooperative basis, decide all questions of distribution and merchandising.

Instead of attempting to squeeze the distributor down to the lowest margin at which he will carry our goods, we tell him frankly that we want him to take a margin that will compensate him for giving our product the best possible distribution in his territory. Then we develop those factors which are responsible for the growth of his business and ours.

From this organization we have had many demonstrations of the advantages of economic merchandising. As an illustration, at a recent meeting of our

council, we announced that, because of increased production, we were able to save five dollars per thousand feet, which could be used to increase our advertising and merchandising appropriations, added to profit margins, or passed along to the public in the form of lower prices. We asked our dealers what to do about it, and our council decided that it would be best to lower prices.

This saving stimulated sales, and our dealers wisely chose a means of attaining a larger volume rather than a wider profit margin. Eventually they will profit more, as repeated price reductions on Celotex have demonstrated.

Largely due to the work of the council, our dealers are merchandising homes, and because of their efforts a great many homes have been built. It is generally thought that Celotex displaces lumber; but if we were merely selling a substitute for wood our business would be small. Our product fulfills few of the purposes of wood, while it serves a great many purposes for which wood is not suitable. Our distributors have explained this, not only to thousands of prospective home builders, but also to practically all the home owners in a large section of the country. As a result new residences and home improvements have required vastly more lumber than has been displaced by all of the Celotex we have produced.

We have not had plain sailing by any means and often we have faced seemingly insurmountable difficulties. But always we were sure that support would come, and support has not failed us.

Helping others helps oneself

ONLY in degree does our business differ in this respect from any other manufacturing enterprise. You can't set up the smallest shop to make the simplest product without increasing the profits of others. Too many manufacturers resist this inevitable tendency, and their resistance is one of the major causes of the much discussed scrambled condition of our national distribution.

According to our experience, it is a positive advantage to any manufacturer to encourage and develop to the utmost every industry and organization that is in any way related to his own business. Only in this way can he build his business solidly, and increase his volume and profits by contributing to the purchasing power of the country.

When a majority of our manufacturers realizes the power of this truth, ours will be a more prosperous country, with a prosperity that will be continuously progressive.

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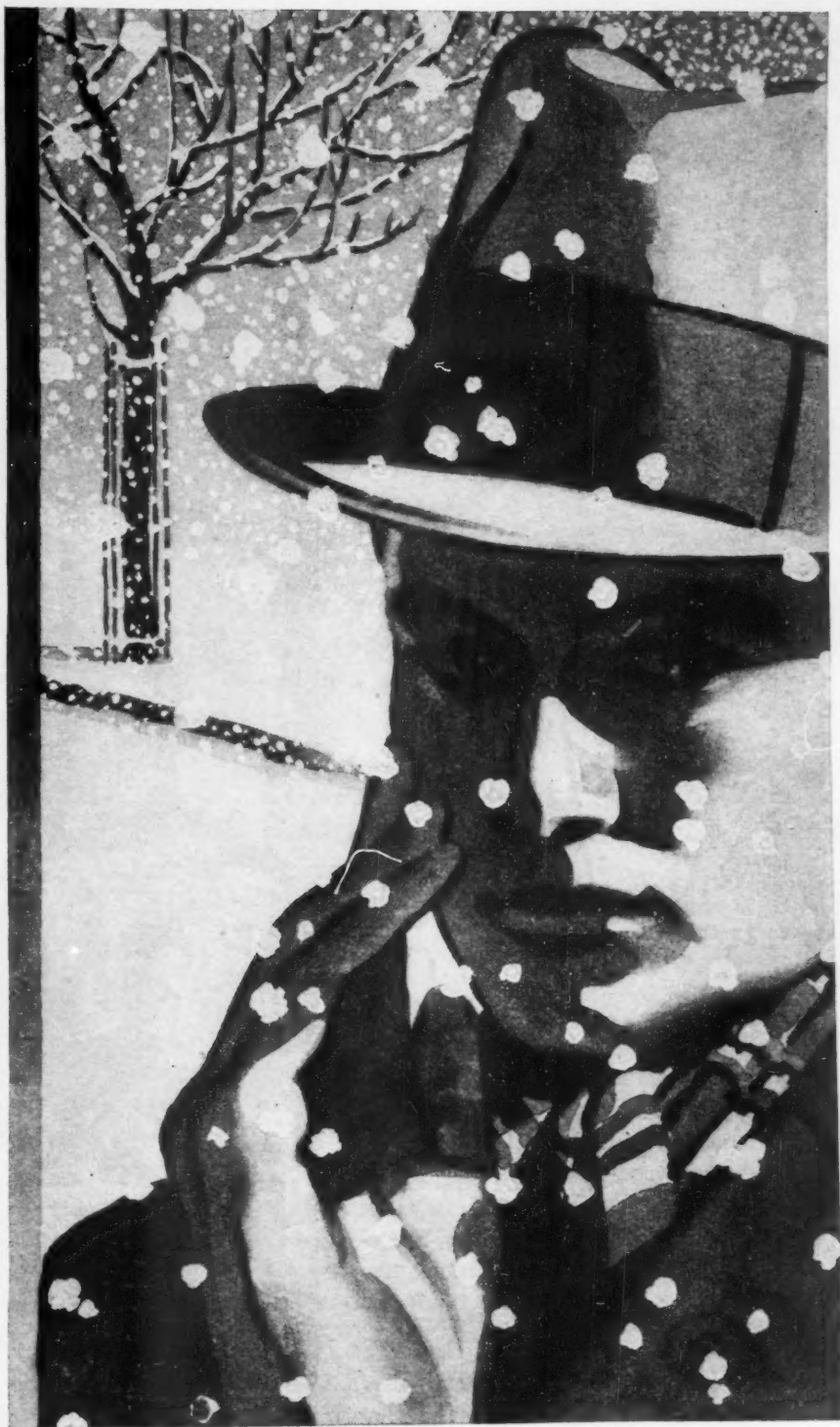
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Because your smooth, sure Gillette Blade never changes, under *any* conditions. It can't. Machines, accurate to one ten-thousandth of an inch, ensure its even precision.

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You may not wear the same face in November that you do in May, but count on Gillette Blades to shave you smoothly, swiftly, surely. They keep your face feeling young, and looking it. Gillette Safety Razor Co., Boston, U. S. A.



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Why Trained Men Are Needed



BOURKE-WHITE

TRAINED mechanics are forsaking their craft, said Kenneth Coolbaugh, superintendent of the State Employment Office, Philadelphia, in the August **NATION'S BUSINESS**. He asked, "What's to be done about it?"

Here are two replies from widely different viewpoints. They may amaze you, as they did us

1. A Worker's View

By R. J. SCHMIDT
Master Toolmaker

KENNETH COOLBAUGH'S article "When Trained Men are Needed" is not only interesting and ably presented, but should furnish ample food for thought. Other factors, however, than the upheaval of 1920-21 and drastic force reductions in 1927 helped bring about the present shortage of "old-time journeymen machinists of the sort that contributed so signally to America's industrial supremacy."

Being a toolmaker and having handled hundreds of men at a time, I am naturally in closer contact and more intimate than Mr. Coolbaugh with the various types of men engaged in metal stamping, machine, tool and die making. May I, therefore, present the worker's point of view.

The 1920-21 upheavals and 1927 force reductions, undoubtedly, forced men into other fields of activity. Since I am a toolmaker, I shall concentrate on that line.

Better to appreciate and understand the mechanic's line of reasoning and feeling, let us consider the man's make-up. First we see him serving his apprenticeship. A good many department heads unfortunately feel they are too busy to help him learn his trade. Besides the apprentice makes a good errand boy, so that, more than likely, any knowledge gained during this period must be acquired through observation rather than practice.

In the meantime his friends in the unskilled fields are earning several times his wages, and are not worried by mathematics or night school. Finally he finishes his time

and tries his wings. Then he realizes that he will require several more years to acquire the experience necessary to build up a reputation.

Several years later we find him industriously building tools, jigs, fixtures, dies and gauges, or experimenting and bringing into reality someone's dream, some labor and money-saving device, specifications for which usually would split a human hair many times.

If the shop is small, he usually must design and execute tools and fixtures. In a large concern, the tool designer or engineer finds that the toolmaker is a reliable source for information and pointers, bearing in mind that the latter can handle the board as well as the next one.

Now then, we see the finished toolmaker, and in a few years we are very likely to see him leaving the trade. Why? After spending years in preparation and several hundred dollars for tools, he feels discouraged, disgusted and bitterly disappointed.

Works under a nervous strain

HIS work, because of its nature, is a terrific mental strain, yet the salaried, or commonly known white collar workers, enjoy a vacation with pay while he is penalized for being a minute or so late. After prolonged concentration, or while struggling to produce a complicated piece of mechanism with unreliable or antiquated equipment, he may not relax his frayed nerves with a walk through the shop, as can the white collar worker, because it is against the rules and a reprimand would certainly not act as a tonic.

Mr. Coolbaugh says "one machinist can bring to his plant

other machinists." Very true, but mechanics won't return and their fellow tradesmen are not encouraging their return, because the new field of activity probably offers independence, more congenial surroundings, better pay, steadier employment and promotion.

Take, for instance, a building laborer. His training is practically nil, his investment a pair of canvas gloves. Yet his pay is considerably above that of the toolmaker, and in the winter he works in a factory.

Moreover, the fact that the tool maker has given the best years of his life as a contribution to his employer's success, has partially acquired a home, raised, educated and provided for a family, sacrificed himself of his son in the country's defense, has no bearing when the age limit mentioned by Mr. Coolbaugh is reached.

In spite of the fact that he has accumulated experience, knowledge and skill which would make him more valuable in the future than he was in the past, bitter disappointment and contempt for his trade and employer are his rewards.

When industry suddenly faces a scarcity of mechanics, the tool maker is expected to forget all this and come to the rescue, train and encourage apprentices and use his influence in bringing back his fellow workers or perhaps urge his own boys to follow in his footsteps.

At times like this age limit is waived but, the tool maker knows, it will be enforced again at every opportunity so that, for political or business reasons, depressions need not be as readily admitted.

The reaction of 1920-21 started a weeding out process. As industries again seek a normal level and more intricate, complicated machinery, tools and accessories are constantly introduced, the need of skilled men is emphasized.

Mr. Coolbaugh admits that the employment specifications for the American mechanic have never been so high as today.

Now then, if the toolmaker's trade is made as attractive as employment for which he is leaving his trade, you may be assured that he will not sacrifice his years of training and talent and start anew.

Keep him in the first place

IN summing up the facts as seen from the other side of the table let me say that, instead of trying to induce the mechanic to return by calling at his home, pay him a wage in keeping with his skill, assure him immunity from humiliation when the age deadline is

reached. Every executive appreciates the value of relaxation both to himself and his company.

A well-trained, care-free and contented mechanic is the representative of the first of the three essential M's

in every business—"Men, Money and Material."

Let us, therefore, in justice, fair play and essentially somewhat selfish motives, seriously consider these facts, together with Mr. Coolbaugh's findings.

2 • An Executive's View

By W. R. BRECK

Manager, New England Equity Corporation

IT IS only too true, as Kenneth Coolbaugh stated in his article in the August NATION'S BUSINESS, that there is a shortage of trained mechanics. A close contact with workingmen permits me to offer a few reasons why this situation exists, why the many excellent mechanics who were forced out of their trades in 1920 and 1921 do not wish to go back.

Many of these former mechanics, for one thing, are now in city, state or federal civil service as policemen, firemen, mail carriers, and so forth. Their pay, in many cases, is bigger than the average mechanics.

Recently, a relative of mine, who has been employed in one of the automobile centers for several years, desired to come back east. This man has 16 years' experience as a tool and die maker—four years in a trade school and 12 years' factory experience. He was offered from 60 cents to 72 cents per hour for this work in the East—certainly not a great deal more than the figure paid for unskilled day labor.

I have other mechanics in mind who have to support a family on from \$24 to \$30 a week.

It would seem then that the logical way to begin a campaign to get trained mechanics, would be to start with the pay envelopes—to give them, at least, what they can earn elsewhere. Judging by the reports of extra dividends, stock gifts, and so forth, most manufacturers could do so without running their plants at a loss.

One must admit that civil-service positions offer steady employment and that most industrial posts do not. In my own city, it is the custom among manufacturers to hire large forces of men, run three shifts if necessary to get out a rush of business, then to lay off hundreds of men. Sometimes the suspension lasts only a few weeks. Again it may last for months.

Wouldn't it be sensible for the pro-

duction departments of factories to attempt to regulate output so that unstable working conditions would be avoided?

Morale is not high

THE average factory workman today feels that he is but a cog in a machine; that there is nothing in the way of advancement for him. The factory heads must be brought to a realization of this condition and find a remedy for it. They must find some method of making the employee feel that he is an *actual partner* in the business, instead of merely a small part of a gigantic machine.

Another reason for a shortage of mechanics lies in the fact that many concerns will not hire a man over 45. Men in the prime of life, with years of shop experience behind them, are refused positions because they are "too old."

Factory managers are prone to lay the blame for this condition to insurance carried to cover them under workmen's compensation acts. Surely this is rather a thin excuse, and some method could be found to get around it.

The refusal to hire such men seems to be the height of folly, for a man of middle age is certainly more likely to prove a good, steady worker than not. In addition, he has the ability and good judgment resulting from his years of shop experience.

The action of employers in barring such men would seem to be even more serious than the raising of the specifications up to which a mechanic must measure, for such employers are automatically closing their shops to thousands of proficient men.

It appears from all this that the present shortage of skilled mechanics may be due largely to a shortsighted factory policy. The seriousness of the situation would make a bit of concerted action on the part of our factory heads seem advisable, to say the least.

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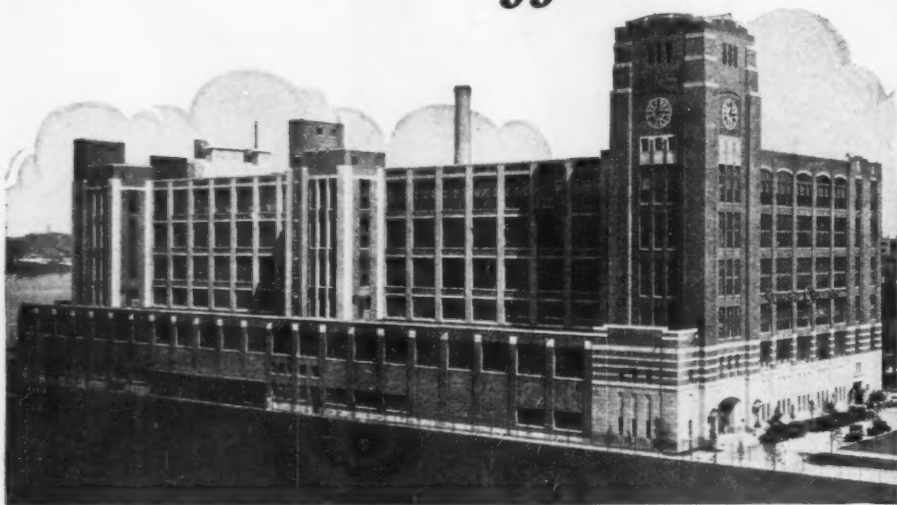
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STEEL WINDOWS

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Looking On in Washington

(Continued from page 62)

a commission to regulate the companies engaged in the transmission of intelligence by wire or by wireless and that it became an enlarged bill for the regulation also of the companies engaged in the transmission of light and heat and power only after Mr. Couzens had conferred with authorities in the administration.

It would seem that our first Administration to be headed by a business man and our most conspicuous senatorship now held by a business man are in agreement on the proposition that now is the time for extending federal regulation to the interstate charges and prices of the so-called "Power Trust."

THE BEAUTY or the horror of Mr. Couzens' proposal is its unanswerable simplicity. It enacts that "the rates for the sale of electric power transmitted in interstate commerce shall be just and reasonable." Since no one denies that contention, Mr. Couzens' proposal then enacts an interstate commission to see that interstate justness and reasonableness of the rates in question shall exist. It will speedily thereupon appear that the persons really most hurt and aggrieved will be the ones who will exclaim and inquire:

"If interstate rates for power become admittedly just and reasonable and satisfactory, what will happen to our agitation for public ownership and operation of the 'Power Trust' properties?"

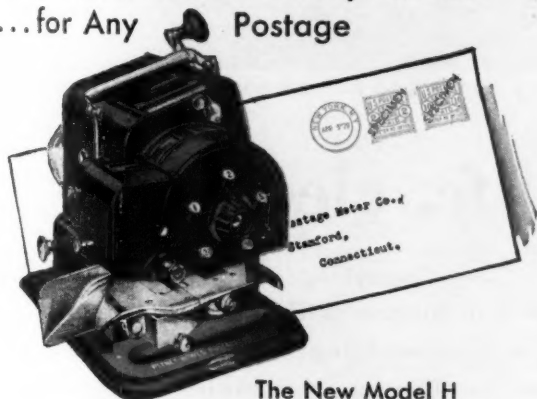
I FEAR that Mr. Couzens will be assailed first as a radical and then as a reactionary. His change will be denounced as change and subsequently denounced as a prevention of a greater change. He will have a reputation as a promoter of bureaucratism and a reputation thereafter as a preventer of socialism. He will wear the double guise of both destroyer and conserver. He will be a symbol of the fact that the processes of conservation themselves require the acceptance of change.

In looking on at the dynamic characters of contemporary business statesmanship—at, for instance, Mr. Young, Mr. Wilbur, Mr. Legge, Mr. Hoover, Mr. Couzens—it is that fact which ultimately most emerges to view. True conservatism is not the blank negation of change. It is the discriminating choice of it.—WILLIAM HARD.

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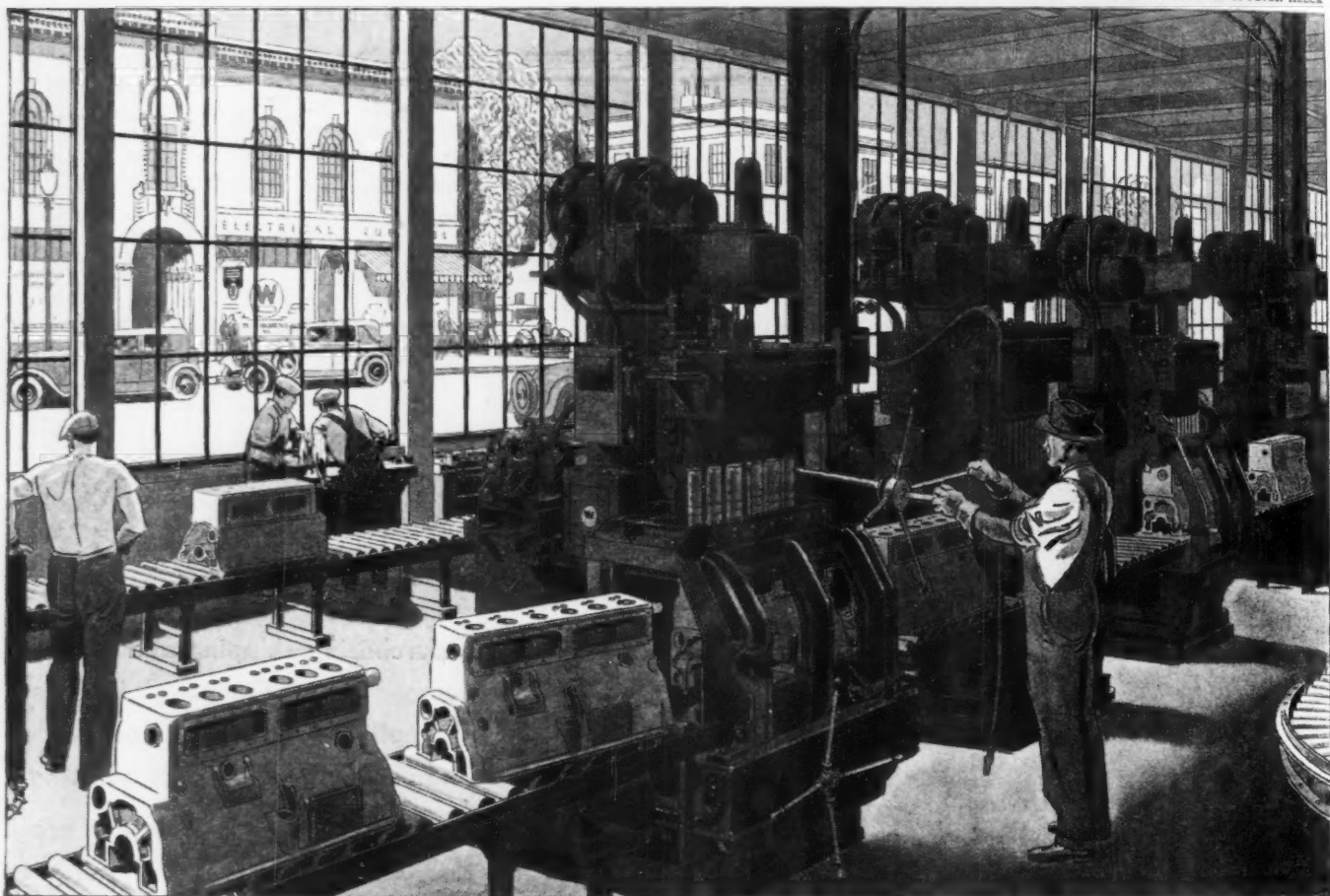
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DRAWN FOR WESTINGHOUSE BY C. PETER HELCK



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Dead metal leaps to life, electrically

Transforming a ton and a half of dead metal into the flashing power of a fine motor car is mostly a metal-worker's job. So is the touch that gives raw aluminum and copper the delicate sensitiveness of a radio receiver. For a multitude of modern necessities civilization depends on efforts of the metal-workers — and the metal-worker, today, depends on electricity.

In thousands of metal-working plants Westinghouse electric motors drive amazing machines that easily do in a minute what used to take days to do by hand — and at a cost so low that conveniences denied to kings of old are now within the reach of everyone.



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NEWS OF ORGANIZED BUSINESS

By WILLARD L. HAMMER

Mergers and Chambers

THE biweekly letter of the Commercial Organization Department, Chamber of Commerce of the United States, quotes an editorial from a prominent chamber of commerce publication to the effect that civic organizations should merge "along two lines. First should be the combining of service organizations into the chamber of commerce, combining their financial strength together with their man power for greater efficiency in community building. . . . The other form of combination would be . . . the philanthropic and charitable work of the city into a community chest."

The letter comments:

"It may be that the word 'merger' was an unfortunate term in submitting a proposal, since it implies the loss of identity by one or more organizations that are to be 'merged.' When used figuratively to describe a civic principle, however, the term is excellent. Chamber of commerce secretaries who discover that the civic energies of their members are scattered among numerous organizations may find it profitable to undertake a merger of civic interests through forming an informal organization consisting of the president and secretary of the chamber of commerce and the presidents and secretaries of the various organizations affected."

Such an organization has the admirable purposes of avoiding confusion, friction, and the formulating of a sound community program.

Increased Memberships

THE New York Merchants Association recently gained 2,004 new members in a week's campaign, bringing total membership to 8,044. During the campaign 850 members worked on committees.

To increase its revenues, the Association this year sought plural as well as single member-

ships. Campaign work was assigned to two general committees—one to seek new members and one to seek more revenue through sale of additional memberships.

Prizes rewarded the committees showing certain team averages. As a result of the drive, the Association president has announced a greatly expanded program of activities.

Wichita and St. Louis

CHAMBERS of Commerce of Wichita and St. Louis have made an interesting variation of the familiar good-will trip. Twenty-five officers and directors of the St. Louis Chamber went to Wichita as guests of the Wichita Chamber, lunched and inspected airplane factories of the Kansas town. Mutual problems, interests, and relationships of the two cities were discussed.

Later 28 officers and directors of the

Wichita Chamber were guests of the St. Louis Chamber. A recommendation was agreed upon for a joint intercity committee to work for closer relationships between the two cities.

Moline's Airport

MOLINE, Ill., recently voted \$250,000 for an airport. The local Association of Commerce handled all details, obtaining use of polling places, enlisting services of judges and clerks without pay, and meeting all costs. The project had been presented to the city council as an election that would be without cost to the city.

Chamber's Policy

THE Chamber of Commerce of the United States has just published a booklet containing all declarations of policy by the Chamber's membership.

The manual, sent to organization members and to national councillors, was received with such general approval that the Chamber is prepared to make it more widely available.

Associate and individual members will find it a handy reference work on subjects with which the Chamber has dealt. It will be particularly valuable to men who make public addresses or who serve on resolutions committees. Copies may be had for 25 cents each.

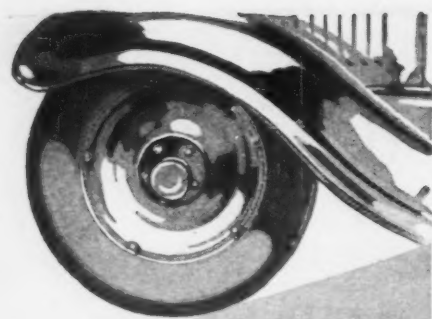
Coming Business Conventions

(From information available October 1)

| Date | Place | Organization |
|----------|---------------|---|
| Nov. 4-9 | Chicago | Motor Equipment Association. |
| 5-7 | New York | American Society of Certified Public Accountants. |
| 11-15 | Detroit | National Standard Parts Association. |
| 11-16 | Atlantic City | American Bottlers of Carbonated Beverages. |
| 12-15 | Boston | National Association of Ice Industries. |
| 12-15 | Cleveland | National Electric Wholesalers Association. |
| 13-15 | Omaha | Mid-West Implement Dealers Association. |
| 19-20 | Chicago | National Association of Finance Companies. |
| 19-20 | Philadelphia | Interstate Milk Producers Association. |
| 20-21 | Chicago | National Industrial Traffic League. |



The tower of the Brooklyn new Chamber of Commerce building looms majestically skyward



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IT IS NOT a paint. It is not a substitute for the Parker Process of Rust-Proofing (Parkerizing).

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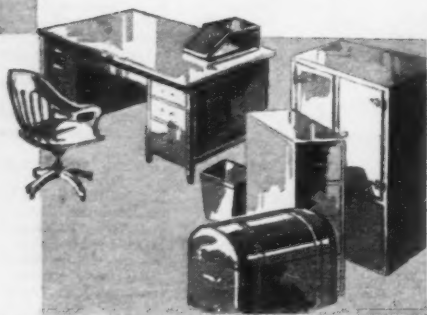
Paints are intended to beautify and preserve—the Bonderite priming process gives permanency to these outer coatings—it *protects the finish*.

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A Disaster in Management

(Continued from page 17)

conference with farm leaders on cooperative marketing that the economic thought became confounded with politics and the ill-fated farmer-labor movement materialized, to result ultimately in the Cleveland "conference for progressive political action" in 1924, the nomination of Senator La Follette for president and his overwhelming defeat.

Political activities of the Brotherhood leader have no place here save that mention of them may help to show Stone's transition from labor leader to something else.

The resolution authorizing the organization of a Brotherhood bank had been on the Brotherhood books since 1915. In 1919, Stone, with William B. Prenter, his closest associate, began work on plans for the bank.

It was not, in the expression of its founders, to be a mere "capitalistic bank," but was to be dedicated to the principles for which the Brotherhood had always stood. It was to be a commercial bank in form but cooperative in its activities. It was to earn on the funds of the Brotherhood and the savings of members returns larger than other banks paid, and was to help members and the organization with investments and fiduciary business. Return on the capital was limited to ten per cent and excess of earnings was to be divided with depositors in patronage dividends.

The Brotherhood of Locomotive Engineers Cooperative National bank, with paid-in capital and surplus of \$1,100,000, opened its doors in Cleveland November 1, 1920. The Brotherhood as an organization held about 60 per cent of the stock. The rest was sold in small amounts and entirely to Brotherhood members. Stone was president and Dr. Walter F. McCaleb of Dallas, Tex., an economist who had been interested both in banking and cooperative efforts, was executive vice president.

Heralded as a new era

THE Brotherhood bank attracted instant and country-wide attention. To many it signaled the dawn of a new day, when labor was to join its dollars and enter the marts of business on an equal footing with capital, to be owner as well as worker and sit on both sides of the table in wage arbitrations.

For two years the Brotherhood bank had an unprecedented growth. February 1, 1921, after but three months of

operation, it had gross resources of nearly \$5,000,000. Three months later resources were more than \$7,000,000. December 1, 1921, they had passed \$10,000,000 and a year later they were close to \$19,000,000.

A large source of business was banking by mail. Only 14 per cent of the deposits were by members of the Brotherhood, the rest coming from the general public, although the insurance funds of the Brotherhood amounting to \$2,500,000 were deposited in the bank by order of the Brotherhood convention in 1921.

The bank's success in its early years seems to have been the only thing needed to confirm Stone's belief that destiny was beckoning the organization into rich fields of profit, for the bank was hardly well on its way before the business expansion of the Brotherhood and its leaders started in earnest.

Not a clear transaction

EARLY in 1921 Stone formed Coal River Collieries, Inc., for \$2,800,000, to operate soft coal mines in West Virginia and Kentucky. The stock was sold to some 4,500 Brotherhood members and a few other railroad men. Just how Stone became interested in this mining venture was never clear, but in the Brotherhood investigation in 1927 it was alleged that the former holders of the Coal River leaseholds took a nice profit and that considerable money was made on the sale of the stock.

The company had control of 11,000 acres of coal lands in southern West Virginia and eastern Kentucky.

Here, indeed, was an incursion into the field of industrial ownership. Union miners were working for union owners. But the mining operation failed to pay. The union owners said they never could make it pay under the union miners' wage scale. The union miners struck and were evicted from the company houses, even as strikers who did not work for union owners.

John L. Lewis of the United Mine Workers and Stone clashed bitterly but the Brotherhood mine did not go back to the union miners' scale. In fact it found that it could not make the mines pay even at the lower wages.

Mining operations dragged along for several years, but Coal River Collieries finally went into a federal receivership in July, 1927. The Taplin interests later took over the property under a preferred-stock arrangement through which

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Just look at these yards . . . A business-like, efficient layout. Modern and systematized, every foot of it. No wonder railroads are so sound a factor in our economic structure today. Quick to adopt every improved method that proves itself; never hide-bound by old practices or dulled by old habits.

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and sidewalls of warehouses and other railroad buildings . . . *used without danger of corrosion, without need for paint or other maintenance . . .* Robertson Protected Metal was adopted by scores of railroads all over this country. They found they could eliminate the need for much costly heavy construction; they found they could eliminate also the need for painting and repairs on their light buildings.

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the Brotherhood enterprises may eventually get back at least part of the money loaned the mining company.

Following the coal-mining venture came an apartment hotel in Cleveland. Stone, Prenter and Joseph J. Hobert, Jr., had been associated in some small business ventures. In 1922 these three and some others formed the Park Lane Realty Company and began to build in Cleveland a six-story apartment hotel with 200 suites. When it was opened in 1923, this Park Lane Villa had cost them \$2,500,000. To get the money they floated a first mortgage of \$1,000,000 with the Brotherhood Investment Company, got \$600,000 from the Brotherhood Holding Company and borrowed the rest elsewhere. It cost \$300,000 to furnish the Park Lane Villa and from its opening to the 1927 investigation its losses were estimated at \$360,000.

Mail order went bankrupt

THE mail-order business, always a favorite idea with Stone, next claimed his attention. Stone, Prenter and Hobert formed the Hobert-Stone Company and set up a general mail-order store near the Brotherhood building. This was incorporated for \$250,000 and stock sold in the shape of \$100 preferred shares with no par common as a bonus, Stone's pet plan of financing. For a time this Company did some business, but in the end it was a complete failure and became bankrupt.

Neither the coal-mining company, the apartment-hotel company, the mail-order business nor the iron works were Brotherhood ventures. They may have been wholly or partly financed by borrowings from Brotherhood sources or stock sold to Brotherhood members, but they were private enterprises in point of ownership. While Stone and other executives were engaged in them, however, Dr. McCaleb, executive vice president of the Brotherhood bank, had formed the Brotherhood Holding Company, with \$1,000,000 capital, to acquire securities, to finance construction of homes and to buy and own bank stock, as the Brotherhood bank desired to control a small neighborhood bank on the outskirts of Cleveland.

Startled by the scope of the Stone activities, Dr. McCaleb became uneasy and at the close of 1922 resigned. His Holding Company, however, had given Stone the suggestion for a vehicle with which to accomplish banking and business expansion, and before long the Brotherhood Investment Company, destined to become the keystone of the whole Brotherhood financial structure,

was organized. The capital of this Company was originally \$1,000,000, but it was shortly raised to \$10,000,000. Stock was sold to Brotherhood members and others in the familiar shape of two shares of 7 per cent preferred for \$200, with one share of no par common stock as a bonus.

According to the disclosures it cost \$1,500,000 to sell the stock in the Brotherhood Investment Company, even though a part, at least, of the promotion was an official matter in the Brotherhood. Anyhow the Company got \$8,500,000 with which to carry out its announced purpose of buying and selling commercial paper, federal, municipal and public utilities securities, real estate and corporate bonds and stocks of banks and trust companies.

Before the Brotherhood Investment Company was fairly functioning the Brotherhood had bought a small bank at Hammond, Ind., and the neighborhood bank in Cleveland. In the fall of 1922 the Brotherhood, through the Investment Company, stepped into the financial spotlight by purchasing a large amount of the stock of the Empire Trust Company of New York. This purchase did not constitute control of Empire and the Brotherhood never did control it, although there is supposed to have been an unexercised option which would have given it control.

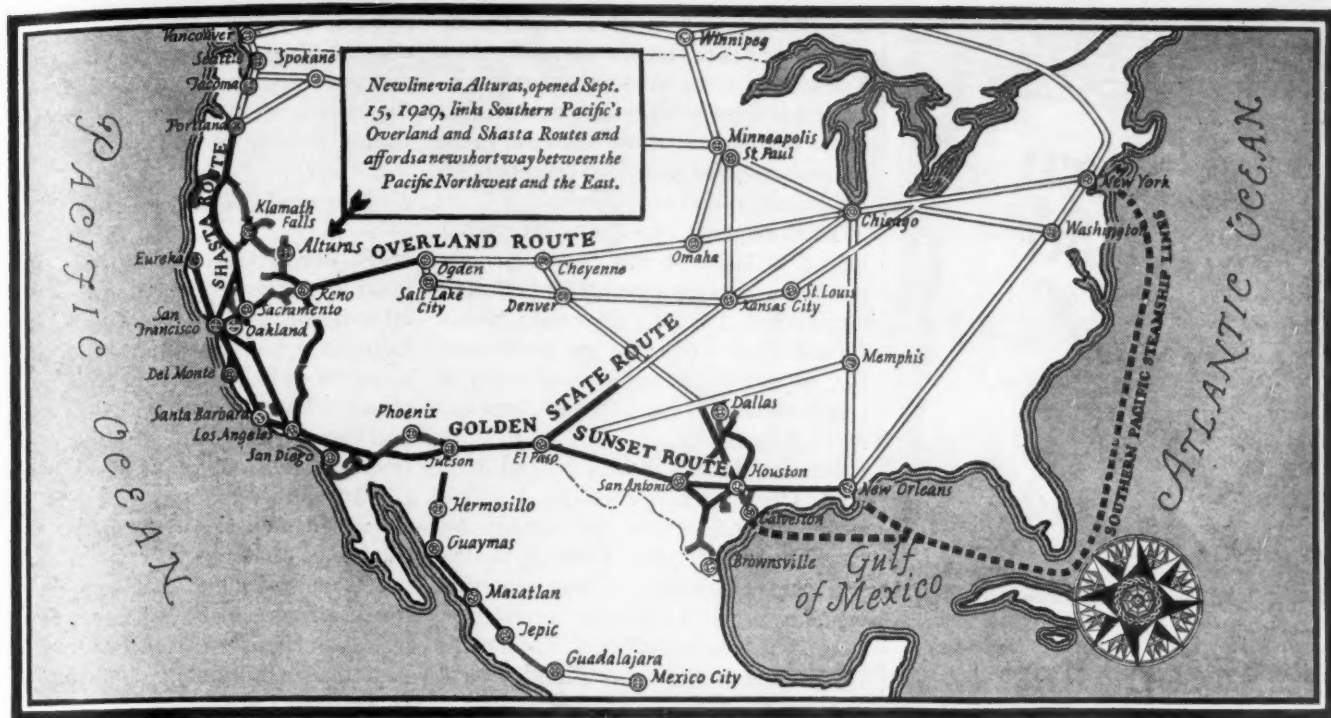
Wall Street connection

THE Empire connection is said to have resulted from an effort by George T. Webb, then with the Empire and formerly of the Non-Partisan League of North Dakota, to get new business for the bank. When Dr. McCaleb resigned from the Engineers bank, Webb succeeded him. The Empire was the Brotherhood's Wall Street connection.

With the Brotherhood Investment Company and the Empire connection functioning, Stone and his associates were ready to undertake the building of a cooperative banking system reaching over the whole country.

Late in 1922 a charter was asked for the Spokane Brotherhood Cooperative National bank and the Transportation Brotherhood National bank of Minneapolis opened for business. Early the next year Stone disclosed plans for a string of six or eight banks in New York state. It required most of that year, however, to sell the ten millions in stock for the Investment Company, and until that was done other things had to wait.

In May, 1924, the Boston Brotherhood of Locomotive Engineers National bank opened and that fall two subsid-



Red lines indicate Southern Pacific's new construction in last 15 years

Pioneer rails pierce a new frontier

Linking of Shasta and Overland Routes opens new way to the Pacific Northwest

Following the route of the Overland scout and the covered wagon a new pioneer pushed its way into the West in 1869 and the pony express passed into legend.

The driving of a golden spike sounded along steel rails and the first transcontinental railroad was completed . . . Southern Pacific's OVERLAND ROUTE of today.

The "last spike" they called it then. But the last spike will never be driven. Southern Pacific is still building with the West.

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A vital part of the vast, growing territory which it serves, this pioneer railroad has kept pace, step by step. The completion of this latest project is only one item in Southern Pacific's unparalleled program of new construction during the last fifteen years.

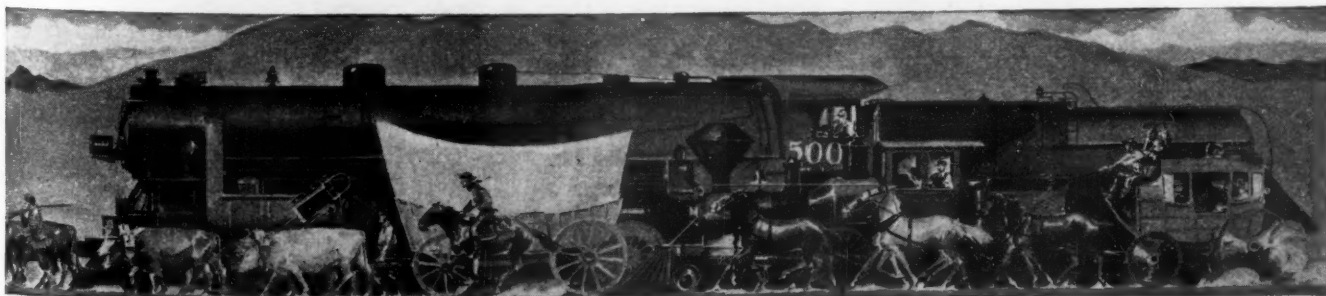
Other recent important projects include completion of the new Cascade line of the SHASTA ROUTE, an alternate line east of the Cascade Mountains through Klamath Falls, Oregon; double-tracking of the OVERLAND ROUTE across California's high Sierra; building of a new main line through Phoenix and the Salt River Valley in Southern Arizona; completion of the gap between Tepic and Guadalajara, Mexico, effecting a new through route down the West Coast to Mexico City and the interior; the building of a new line into the Magic Valley of the lower Rio Grande, in Southern Texas; and the beginning of a great bridge across Suisun Bay, near San Francisco, to replace train ferries and shorten time on the OVERLAND ROUTE to San Francisco.

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Southern Pacific



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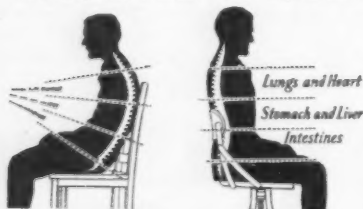


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itary securities companies, the Pacific and the Pennsylvania were formed. These latter companies were to meet the situation created when the comptroller of the currency objected to Stone, Prenter and other Brotherhood officers holding office in too many banks.

The program of expansion rather lagged in 1924. It was campaign year and Stone was treasurer of La Follette's campaign. The election over Stone turned back from politics to finance. For six months activities multiplied so rapidly that it is hard to sort them out for orderly recital.

Banks in Birmingham, Ala., and Portland, Ore., were opened for business early in 1925. Plans were made for banks in Philadelphia, Tacoma, Seattle and San Francisco. A new securities company, the California Investment Company, was established. The Pacific Investment Company acquired a bank in Hillyard, Wash.

Affairs looked rosy . . .

IN MARCH of that year, Brotherhood officers announced that the Brotherhood, with Leroy W. Baldwin, of the Empire Trust, and August Heckscher, New York capitalist, had bought the Equitable building, the world's largest office building, for something like \$38,000,000.

That spring of 1925 was indeed the high spot in the financial career of both Warren S. Stone and the Brotherhood. From every outward aspect all was well.

As proof of success the Brotherhood could point to its ownership of a rapidly increasing chain of growing banks, the original bank in Cleveland showing gross resources by this time of almost \$28,000,000. The holding, investment and securities companies were reported selling annually as much as \$200,000,000 worth of securities all over the country.

The Brotherhood, in its own name, owned the original office building, a 16-story bank building a few blocks away which was used for a branch bank and rented for offices, and was finishing its new 21-story bank building at a total cost, including the site, of \$6,600,000, financed by loans from its own insurance and pension funds which held its mortgages. Also it owned the Equitable building.

Truly, it was an imposing picture.

But behind the scenes things were not so beautiful. Using the resources and credit of a large organization of substantial men as a basis for a constantly expanding chain of financial institutions—the operation which the public

saw and admired—was one thing. Conducting those institutions on a sound and profit-making basis was another, as those familiar with things on the inside were beginning to find out.

But not so good underneath

IN SUITS brought against the Brotherhood Investment Company two years later it was alleged that by 1925 that Company had acquired considerable amounts of bad or slow paper from the banks—that in other words the banks had been kept in shape to satisfy the national bank examiners at the expense of the Investment Company. Nobody on the inside or outside ever questioned the soundness of the banks.

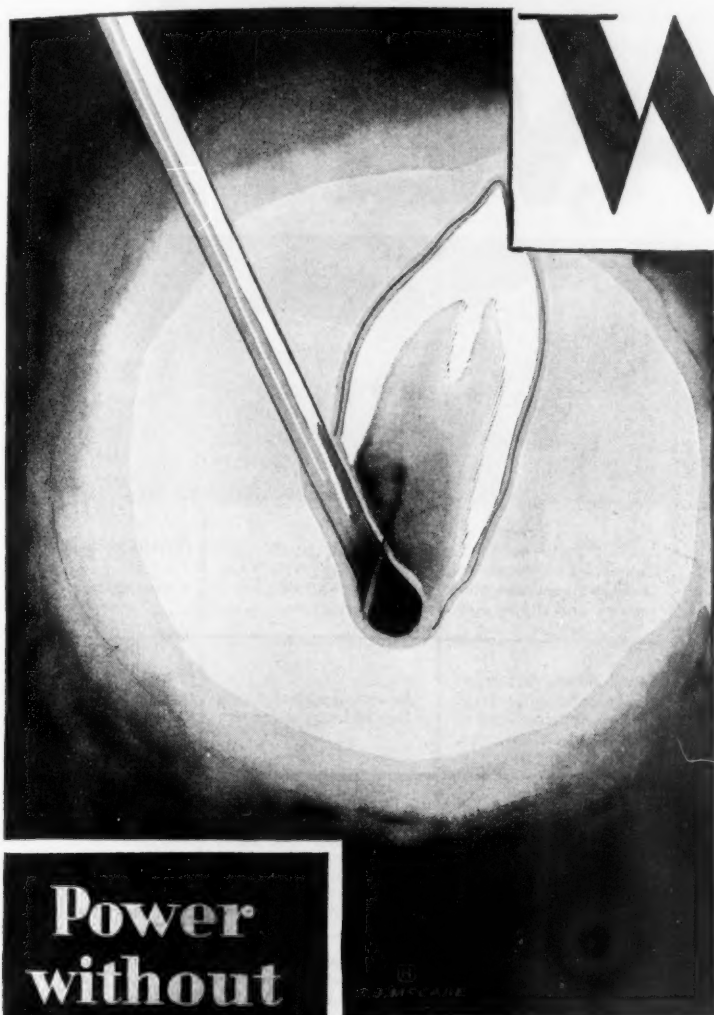
It was also declared that before Stone's death an agreement had been reached by which the Brotherhood as an organization unconditionally guaranteed the Investment Company against losses resulting from paper received from the banks. No complete list of these doubtful assets has ever been made public, but as late as the spring of 1929 the Investment Company assets included loans of \$1,785,212.02 to the Coal River Collieries and \$524,218 to the Park Lane Realty Company, to say nothing of the loan made later than 1925 to the Brotherhood Locomotive Engineers Realty Company of \$6,217,892.50.

In May, 1925, at a conference of the Brotherhood advisory board, Stone admitted that the losses were huge and could not go on. When the proposition of guaranteeing the Investment Company's doubtful assets was made, a small group of board members, led by Alvanley Johnston, now grand chief, demanded that the Brotherhood be called into convention, but the demand was overruled and the guarantee made. This was disclosed in minutes submitted to the 1927 convention. At the time of that convention Johnston estimated that losses up to May 1925 were about \$4,000,000.

Faced with this great deficit at a time when they and the world in general had thought things were going so well members of the Brotherhood cast about for a way to mend their fortunes quickly.

The Florida boom was rapidly approaching its zenith. Stone thought a quick operation there would bring a large profit and he had been discussing such a move for some weeks. Then, within three weeks after the advisory board conference, Stone died.

(The story of the Brotherhood's venture in Florida, the 1927 investigation and the summary action which followed is told in another article by Mr. Van Fleet which will appear next month.)



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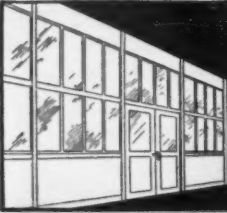


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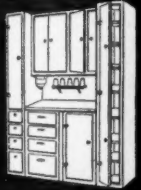



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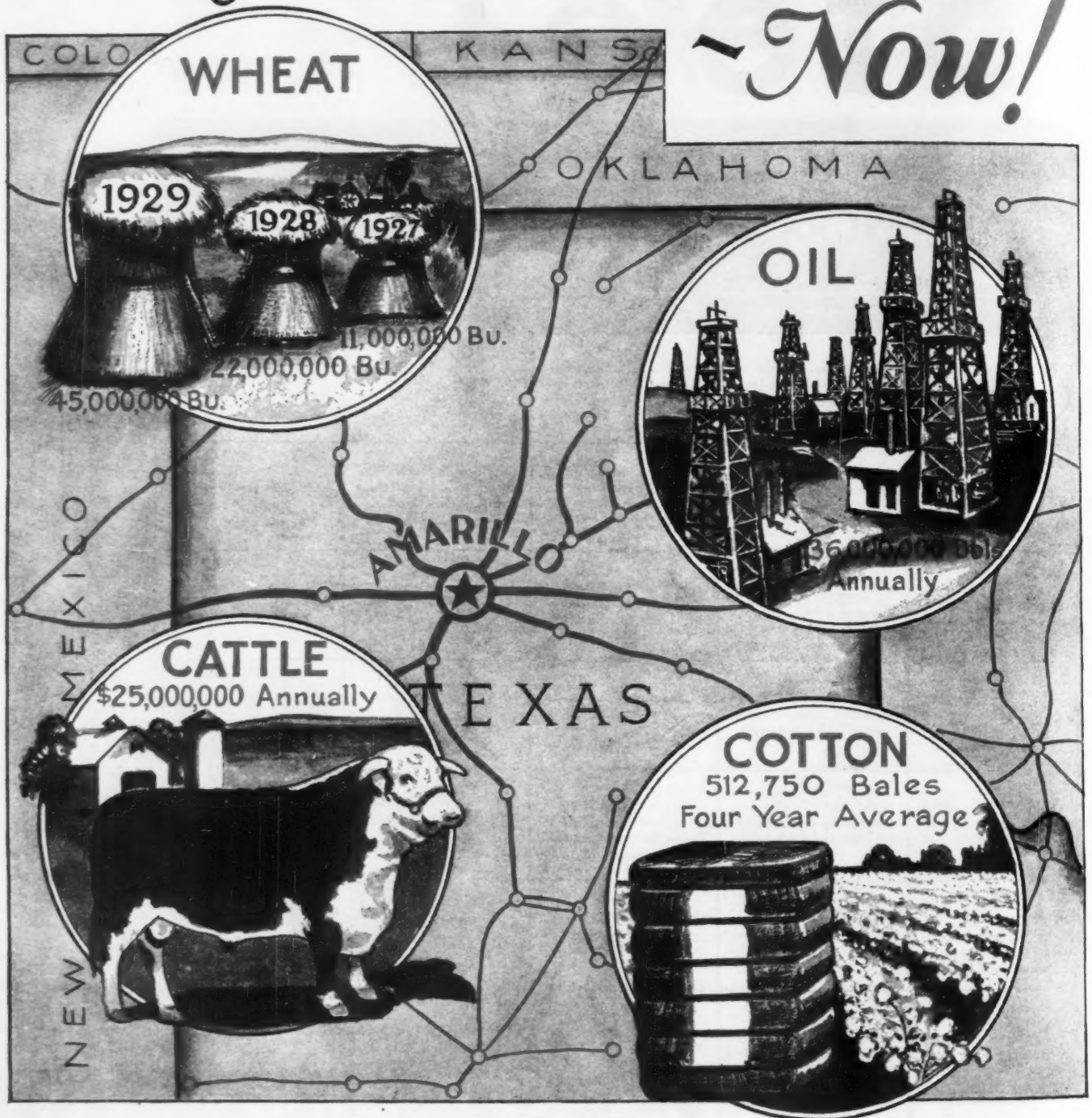
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WHHEAT, cattle, oil and cotton... these mean money! They indicate a market of great potentialities in the Texas Panhandle. They are the basic resources of this area, with numerous other factors helping to build it. Dairying, diversified farming, hog and poultry raising are most important income producers... for, most rapidly, the cattle ranches are being cut into farms and settled by actual farmers.

More information about Amarillo, its rich, exclusive trade area, and the general development now taking place throughout this territory will be furnished gladly. Write—

Amarillo, the undisputed metropolis, has become one of the most important distributing points in the Southwest. The city has railroads, highways and national air lines. It does a jobbing business of \$125,000,000 annually in a trade area which covers 105,000 square miles and has 850,000 citizens. The city's population is 46,000 (was 15,594 in 1920); and bank deposits are \$28,212,000. The nearest competing center is 221 miles distant.

AMARILLO CHAMBER OF COMMERCE, AMARILLO, TEXAS

Clearing the Ether's Traffic Jams

(Continued from page 35)

mission) and six of these channels belonged exclusively to Canada under a "gentlemen's agreement." Engineering principles require that only one station of medium or high power be allowed to operate on a channel at one time; this is the only way service can be given to rural areas and regions not in the immediate vicinities of stations.

The Department of Commerce did the only thing it could do. It kept approximately half the channels "clear" by allowing only one station to use each of them at any one time, although it frequently allowed two stations to "divide time" on such a channel. On the other half of the channels, the Department crowded the new stations in considerable numbers with reduced power.

All this was accomplished on the basis of a dictum from the Court of Appeals of the District of Columbia in 1923 to the effect that, while the Department could not reject an application, it did have discretion to assign a wave length (or channel) that would cause the least interference.

The Department assumed this to mean that it could also restrict a station's power and limit its hours of operation.

Thus matters stood in April, 1926. In Congress there were heated controversies as to whether, in a new law, regulation of radio should be maintained in the Department of Commerce or entrusted to a commission to be created; and as to what drastic provisions should be incorporated in the law to curb the so-called "radio trust."

Forcing the legal issue

A CHICAGO broadcasting station, WJAZ, dissatisfied with the time and wave-length assignment the Department of Commerce had given it, suddenly started broadcasting full time on a Canadian exclusive channel.

The Department of Justice prosecuted the owner of the station, the Zenith Radio Corporation, in the United States District Court of Chicago.

The defendant concern contended that under the Radio Act of 1912 the Department had no right to restrict its wave-length, power or hours of operation. The court decided in favor of the corporation and the decision was generally in-

terpreted as holding that the Department had no such right.

Authority sharply limited

DOUBT having thus been cast upon his authority, the secretary of commerce referred the question as to the extent of his powers to the Department of Justice for an opinion. The opinion, rendered July 8, 1926, was to the effect that, under the Act of 1912, he not only had no authority to specify wave lengths, restrict power, or limit hours of operation, but he could not even limit the period for which he gave licenses. Up to that time licenses had been limited to three months.

The next day the secretary, in a public announcement, virtually abandoned all control over radio regulation and his department became merely a sort of registration bureau where applicants for licenses automatically obtained what they asked.

Fortunately, however, the secretary continued to refuse to issue licenses for more than three months. In December, 1926, Congress, by a joint resolution, sanctioned this limitation.

If matters had continued as they were, in the fall of 1926, we should unquestionably have had a development of radio law along lines that would have provided intensely interesting and complicated controversies between broadcasting stations in the courts. The enactment of a new law, February 23, 1927, obviated such a development and only one such controversy actually reached the courts.

Early in October, 1926, one of the larger Chicago stations, WGN, found that its reception in a large portion of Chicago was being virtually destroyed by a station which had "jumped" to a channel too close to that of WGN. Consequently it started, and won, a suit to enjoin the interference.

Judge Francis Wilson, of the Circuit Court in Cook County, Illinois, who handed down the decision, held that, in the absence of an adequate federal statute, the older station had a superior right to the channel.

This is the so-called doctrine of "priority," which has some, but not all, the elements of a property right. In the Radio Act of 1927, Congress made it clear that it would not permit the acquisition of any property rights in the use

of the ether. Without that statute there would undoubtedly have been many similar cases.

The Radio Act of 1927 created the Federal Radio Commission. It provided that the Commission should have most of the direct authority over radio for one year and that thereafter the direct authority should revert to the Department of Commerce, the Commission to become a sort of an appellate tribunal to hear appeals from decisions of the secretary of commerce.

Although more than two and a half years have elapsed since the Commission was created, it still has direct authority over radio. Congress has twice continued its powers, first for one year, and again for about nine months. It will continue in control until December 31, 1929, unless again extended.

When the Commission came into existence there were 733 broadcasting stations, far too many to be accommodated on the 90 channels available for use by American stations. This number could be reduced by eliminating many of them entirely, by refusing to renew their licenses, or by making a large number of them divide time.

Cry for equality raised

FOR more than a year the Commission did substantially nothing to effect such a reduction. During this time there was a growing complaint that certain parts of the country, particularly the southern states, did not have their share of stations. In March, 1928, Congress enacted what is known as the Davis Amendment (named after its sponsor, Representative Davis, of Tennessee) by which it directed the Commission to allocate broadcasting licenses, channels, power, and hours of operation equally among the five zones into which the country was divided, and to allocate these facilities equitably among the states in each zone according to population.

No more bewildering task was ever imposed on a government tribunal. It soon became plain that the Davis Amendment was unscientific and contradictory, extremely wasteful in application, and imposed unnecessary restrictions on two of the very zones it was designed to benefit.

At any rate, the Commission carried out its task as best it could. In the

summer of 1928 it held hearings in an attempt to eliminate stations giving unsatisfactory service. Some, but not many, were eliminated; others were cut in power or in hours of operation.

Then, in the fall of 1928, the Commission announced a new allocation by which the remaining stations (about 620) were redistributed over the 90 channels according to an orderly plan embodying principles recommended by the best engineering thought. This allocation entailed great sacrifices by many stations which had to accept less desirable channels or suffer restrictions in power or hours.

As a result of the Commission's actions in the summer of 1928 three important lawsuits were started, all of them in Chicago. Two stations, WCRW and WEDC, which had been reduced in power, brought suit to enjoin enforcement of either the Radio Act of 1927 or the Commission's "order" against them. They argued that the statute was unconstitutional and invalid because it permitted the taking of private property without compensation and without due process of law, and because certain of its language was too "vague and indefinite."

At about the same time another Chicago station, WOK-WMBB, which had been totally eliminated, announced that it was going to resume operation without a license.

The Government thereupon brought suit for injunction to restrain it from so doing. In answer, the station's owners made the same contentions as were made by WCRW and WEDC, and the additional contention that broadcasting is not interstate commerce and cannot be regulated by federal statute.

All three cases were argued before Judge Wilkerson. The Government has so far been successful in all three cases and in one of them (the WOK-WMBB case) Judge Wilkerson rendered a written opinion that promises to be a classic in radio law. The cases are now on their way to the United States Supreme Court.

Attacks constitutionality

ANOTHER important case involves Station WGY at Schenectady. The Commission cut this station from full time to what is known as "limited time." The station appealed to the Court of Appeals of the District of Columbia.

Its owners claimed a property right in the operation of the station and, in making this claim, necessarily attacked the validity of the statute. The Court of Appeals rejected this claim but reversed the Commission's decision on other grounds. This case, which involves a number of important points, is now in the United States Supreme Court, where the Commission is attempting to obtain a review.

Eighteen other appeals from Commission decisions are pending before the Court of Appeals. Some have to do with broadcasting stations; others with stations desiring to use what are called the "short waves."

Since the total facilities open to broadcasting are limited, a choice must be made as to which stations shall have favored positions. The rules which will govern this choice are not yet thoroughly determined, but, with an increasing number of decisions by the Commission, and, on appeal, by the Court of Appeals, it may be expected that the law will gradually become clarified.

Government stations, ship and aircraft stations, stations engaged in trans-oceanic communication by wireless telegraphy or telephony, amateur and experimental stations, television and relay broadcasting stations, and many others are using the "long" or "short" waves.

They all have their legal problems, and a large band of these waves is tied up in litigation in the Court of Appeals of the District of Columbia between subsidiaries of the Radio Corporation of America, the Mackay interests, the Hearst press interests and others.

Some city ordinances and state statutes regulating radio conflict with the federal authority, which must be paramount if there is to be uniformity and stability. Other ordinances, in an effort to eliminate man-made interference, have been phrased in such broad terms that if literally construed they prevent the operation of street cars and other necessary industries.

Some states have amended their statutes on slander with particular reference to radio. The law of copyright, of trade-marks and of patents is being influenced by situations created by radio.

As is the case with every new invention or discovery which is applied in general use, a train of evils follows, proposed remedies for which seek expression in the law. Thus, in broadcasting, there are advertising practices which are unethical and fraudulent, and there are programs which offend the precepts of decency.

This article is not intended as a complete survey of radio law. It may, however, suggest the importance and complexity of the new legal problems interposed by the mysterious electrical disturbances known as Hertzian waves.

On the Congressional Horizon

By FRED DEWITT SHELTON

A THICK FOG envelops the Hawley-Smoot tariff bill, completely baffling forecasters who usually speak with assurance concerning the outcome of congressional controversies. Thirteen irregular Republicans banded with most of the Democratic minority substituted a modified plan for the flexible clause contained in the House bill and approved by the Senate Finance Committee. The most compe-

tent observers say that the original flexible clause, granting power to the President to adjust rates on advice of the Tariff Commission, will be restored when the bill goes to conference committee.

This irregular group of thirteen is the great unknown quantity which has everybody guessing. If it remains a cohesive unit, drastic changes in rates will be made in the Senate. My guess is that its unity will be broken on rate matters and that a bill with rates not

greatly different from those of the Senate Finance Committee will finally pass the Senate. Such changes as are made will be in the direction of lower industrial tariffs and higher rates on farm commodities.

The Democrats and recalcitrant Republicans are doing most of the talking. The Republican proponents are waiting for the opposition to talk itself out so they can have a vote. Despite persistent rumors that there will be no tariff bill



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All insurance is good. There is this about mutual insurance—when you buy a mutual policy you have not only all the rights of a policyholder in any other type of insurance carrier, but in addition you have the rights of representation in management and a share in the prosperity of the corporation.

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I believe Congress will finally get around to passage of the bill in a form that President Hoover will sign.

Lobby investigations

THE Shearer big-navy lobbying scandal has stirred up a hornet's nest and has precipitated a general investigation of Washington lobbying. These inquiries have not led to any criminal indictments and probably will not. They have aided the President's own propaganda for naval reduction. They will teach business men to work openly for their legislative objectives through their reputable associations or directly as individuals rather than to pay fancy fees for surreptitious gum-shoeing by professional "lobbyists."

Ocean-mail contracts

CONGRESS passed the Jones-White merchant marine Act of 1928 providing for mail contracts on favorable terms to help sustain ship lines in the hands of private American operators. The Shipping Board has sold its government ships to such operators, loaned them government money for building new vessels, but now runs afoul of the interdepartmental committee on ocean-mail contracts which holds that contracts should go to the lowest bidder.

The committee wants Congress to clarify its law. Representative Wallace White, chairman of the House Merchant Marine Committee, and who helped write the law, says there is law enough. Thus, another obstacle has beset the path of American shipping.

The active postmaster general

THE matter of mail contracts for ships is only one of many problems that have marked the brief career of Postmaster General Walter F. Brown. He wants to do away with postal deficits, and is working for a system of accounting whereby the net costs of "public policy" postal services will be carried by the general Treasury.

He has called the air-mail contractors into conference and asked them to accept lower pay for mail transportation so as to save the impending loss of \$2,700,000 to the Government. Simultaneously, the proposal of federal regulation of rates and routes of air transport companies has arisen in Congress. Representative Cable, of Ohio, has started the ball rolling and Senator Walsh of Massachusetts, has sponsored the proposal in the Senate. Such regulation will come some day but not now.

The enterprising Postmaster General is not entirely satisfied with postal rates and may ask Congress to revise some of the rates established in 1928.

Post-war ship sales

THE post-war ship debacle is echoed again through a report of Comptroller General J. R. McCarl, pointing out the drastic marked-down prices at which ships were sold by the Shipping Board and the irresponsible character of some of the purchasers. That largely is water over the dam. The Senate may investigate it again, as Senator McKellar has moved to do, but most people feel that we should accept past history and hope for better days now that the Shipping Board is actually getting out of the shipping business.

There is talk of a new management for the Merchant Fleet Corporation.

Couzens and the utilities

THE prospective inquiry of the Senate Committee on Interstate Commerce under the chairmanship of Senator Couzens, promises to assume importance. Affairs of public utility holding corporations will be looked into. Huge underwriting profits of bankers from mergers will be brought to light. Companies that have grown gradually from profits and have gradually extended service while reducing rates will have nothing to fear. Other cases may be found, however, that will lead to making this public utilities question a leading issue in Congress and possibly in the next presidential campaign.

All of this is preparatory to consideration of Senator Couzens' proposal for a new Federal Utilities Commission which would take over present activities of the Federal Radio Commission, the Federal Power Commission and assume regulatory power over telephones, radios, telegraphs, power transmission and the issuance of power company securities. The Couzens bill, or some similar measure, probably will pass eventually. It will take considerable time, however, and for the present action probably will be confined to extending the life of the Federal Radio Commission, which under present law expires next month.

Coal legislation unlikely

THE United Mine Workers have not abandoned their plan for federal regulation of the coal industry and will try to get action on it in this Congress. The outlook for action is not good. In the

Senate this matter is in the jurisdiction of the Committee on Interstate Commerce, which as stated above will be pretty busy with other matters.

Railway consolidations

IT IS nine years since Congress in the Transportation Act of 1920 approved the principle of railway consolidations. Bills for that purpose have been put forward annually since that time but it is hard to perceive that we are much nearer a final solution. The Interstate Commerce Commission hopes to submit a new merger plan and that may give impetus to the Fess-Parker bill.

Mr. Parker, chairman of the House Committee on Interstate and Foreign Commerce, once more is pressing for passage of the bill to regulate motor vehicles operating as common carriers. Thus far proponents of such legislation have not seen fit to include motor trucks in plans for federal regulation.

Packers and the chains

THE packers, restrained by a court decree of 1921, have witnessed phenomenal growth of chain merchandising without being able to use that same device. Now they have requested removal of such limitation. The Department of Agriculture is sounding out public sentiment and the Attorney General will pass on the law phase of it. Since efficiency in marketing is the order of the day the packers may be given a belated chance to sell food through their own retail outlets.

Reduced taxes

THE move for tax reduction has started. Surplus revenues would permit a cut in the corporation income tax, added exemptions for individuals on earned incomes, and removal of the few remaining "nuisance" taxes. Very likely the Treasury again will suggest repeal of the federal estate tax but that proposal remains unpopular with Congress.

The chairman of the Finance Committee of the Senate estimates that the tariff bill as reported to the Senate would bring in nearly \$100,000,000 more revenues than the present law would produce—new receipts enough roughly to permit reduction of the corporation income tax by one per cent.

Senator Norris is intent on pressing for action on his bill, already reported from committee, which would put the Federal Government in the business of distributing and producing power and fertilizer at Muscle Shoals.

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Making Grocery Wholesaling Pay

By TOM C. JAMES

President, James Grocery Company, Louisville, Ky.

IF THERE ever was a serious question as to whether the independent retail grocer will survive, it is now being answered affirmatively by thousands of successful dealers. Judging from our experience, and regardless of all argument to the contrary, the independent retail grocery business, properly conducted, represents the most profitable of any commercial classification that we have.

The soundness of this statement is proved by the success of our business, the wholesale distribution of groceries. Obviously, we depend entirely on the independent retailer for our existence, and we are growing faster than we want to grow.

We are distributing a large volume of goods to fewer than 1,000 retail dealers, within a radius of about 50 miles of our warehouse. Without exception, they discount bills, concentrate their buying, and cooperate with us in merchandising and in certain economic practices that reduce the cost of distribution. They have no financial interest in our company, and their success indicates that for the intelligent independent grocer who knows his business the future is very bright indeed.

These retailers *buy* from us. We do not *sell* to them. Our customers are carefully selected because of their financial and other qualifications. Doubtless we could double the number of accounts on our books within 30 days if we accepted a lower standard but experience has taught us that the course would not be profitable.

In the last eight years we have made many interesting experiments, some of which have been successful. Our methods have changed radically, and they are continually changing; but the principles on which we operate have not changed, and I believe that they will be generally recognized before the distribution problems of the country can be solved.

No longer can a wholesale distributor do business in his own

selfish way. We are no longer merely selling goods at a profit if we are successful, but are giving an economic service. The wholesaler must distribute goods in a manner and according to a policy that will allow his retail accounts to compete profitably with mass distributors.

Cooperate with manufacturers

FOR many years our company was an old line jobbing house, and we know something about those methods of distribution. The old line jobber looked upon the manufacturer either as an enemy or a questionable acquaintance. He handled competitive lines and items because he sometimes got a better price by playing one manufacturer against another. He bought goods at the lowest possible price, and attempted to sell them at the best possible profit.



GRISWOLD STUDIO

TOM C. JAMES

«The successful wholesaler not merely sells goods—he provides an economic service»

These and other common practices place a heavy burden of waste on distribution. We have eliminated a large part of this burden by close cooperation with manufacturers and by serving their interests. We not only consider as friends all the manufacturers whose goods we have elected to distribute but feel that we are working for them. They cannot get too strong a hold on our customers, nor can we give them too large a volume of business for we recognize the importance of volume in reducing the manufacturers' costs of production and distribution.

We do not want concessions and special inside discounts because we have learned that they are uneconomic and cannot result in permanent benefit to anyone. We are interested in prices only to the extent of obtaining the best price a manufacturer offers. Our profit is assured on every day's volume of business and it is almost automatically determined regardless of the cost of the goods sold.

It cost the old line grocery jobber from 10 to 20 per cent to distribute his merchandise. It costs our company six per cent, and our total expense of distribution increases this percentage two per cent, which represents our net profit. A number of wholesale grocers in various parts of the country are doing the job as economically as we are, and several, I understand, are distributing at a shade below our cost—all of which is significant and encouraging to us.

When we say that we are working for the manufacturer we surprise a good many of our friends but our policy in this regard is entirely logical. The manufacturer has the privilege of selecting his channel of distribution, and he will not select ours unless we offer him an advantage in cost and service.

Every intelligent and successful manufacturer realizes that his success depends on economical and uninterrupted distribution rather than on individual sales. He knows



Your own BUSY-NESS creates insurance hazards

Electricity, automobiles, radio, aviation—civilization advances steadily because of man's *busy-ness*, his constant search for improvement.

Yet while your activities are creating new devices for utility and comfort, by that very activity you are building more things that may be damaged or that may cause damage to existing products or services.

So your busy-ness is steadily increasing the need for a system of protection to safe-guard the products of your investment and energy against financial loss.

Insurance is such a system—already a universal necessity that has grown in its service because it has kept pace with the progress of each succeeding generation.

Constantly insurance companies face new discoveries that must be analyzed and rated. We must be alert to change,

so that our service may be ready to protect your new developments.

We accept as our job the formation of proper policies at fair premiums to protect those developments, so that they may safely and permanently serve society. *For only in this way* can you know that the results of your activities will not be uselessly dissipated.

Your business may have a new product or new process that creates a new hazard which should be covered by fire or property insurance. In that case call the Agricultural agent in your community; or if you desire, we will gladly send a special representative. Such a problem requires careful study, and you may rest assured that we will cheerfully do everything in our power to give you prompt and experienced advice on the proper protection.

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for all coverages such as:

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that his goods are not completely sold until they are giving satisfaction to the consumer, and his problem is to have his goods delivered to the consumer promptly and at a minimum cost. This is also our principal problem and upon its satisfactory solution depends our existence.

One of the most significant facts revealed to us by experience is that practically all the problems of distribution are common to the manufacturer, the wholesaler and the retailer. Almost invariably, when we attempt to solve a problem for our customers, we find that its solution is not only a benefit to our business but also to the manufacturer's.

Uniform prices help all

IT IS plainly evident, that, in the effort to reduce the cost of distribution, the policies of our manufacturers must coincide with our own policy. For example, we have found that uniform pricing is necessary to the success of our policy and we cannot successfully distribute any product which is sold at variable prices. With the expansion of so-called mass distribution, it is amazing to what extent some manufacturers have granted uneconomic price concessions to obtain large orders. This sort of thing creates havoc for independent distribution. It is never economically justified, and it ultimately increases costs throughout all channels of distribution.

It is gratifying to find that manufacturers as a rule are quick to change their policies and methods when they understand the principle on which we are operating. For instance, some months ago a manufacturer whose goods are sold internationally offered us an extra five per cent if we would place an order about three times the size of our average purchase. As an old line jobber we would have been inclined to accept the proposition; but, because of certain facts we have learned about our business, we refused and notified the manufacturer that we intended to discontinue his line.

Under our policy, we handle no competitive goods, and we do everything possible to distribute a large volume. If we had accepted the proposition, the consequent slowing down of our turnover would have cost us a great deal more than the extra discount. The principle on which we operate would not have allowed us to increase our regular profit, even if we had been offered the extra discount on our average orders. Hence, we concluded that, because the proposition was unsound and the manufacturer's policy unfair, we could do

better by taking on a similar line from a manufacturer whose policy coincided with our own.

However, we did not give up the line. An official of the company came to see us and spent a day studying our methods. As a result the manufacturer changed his policy. We have had a number of similar experiences.

Speculation is another field in which the wholesaler must change his methods if he is to distribute merchandise most economically. It is unfair to the public to speculate in necessities and create fictitious prices on food products.

We buy nothing on a speculative basis. No prospect of advancing prices will induce us to buy beyond quantities that are scientifically determined as most practicable. The only reason we recognize for buying in larger than regular quantities is a threatened shortage. In all cases where prices advance our retailers and the public receive the advantage, for we invariably sell our goods, not on a percentage mark-up, but according to our method of price control.

More turnover, more profit

SOME years ago we thought that our success depended on our margin of profit, and we were continually striving to buy goods cheaper and to get inside discounts. Frequently, to get the best price, we bought large quantities of goods that lingered in our warehouse for months. We thought that warehousing was relatively unimportant.

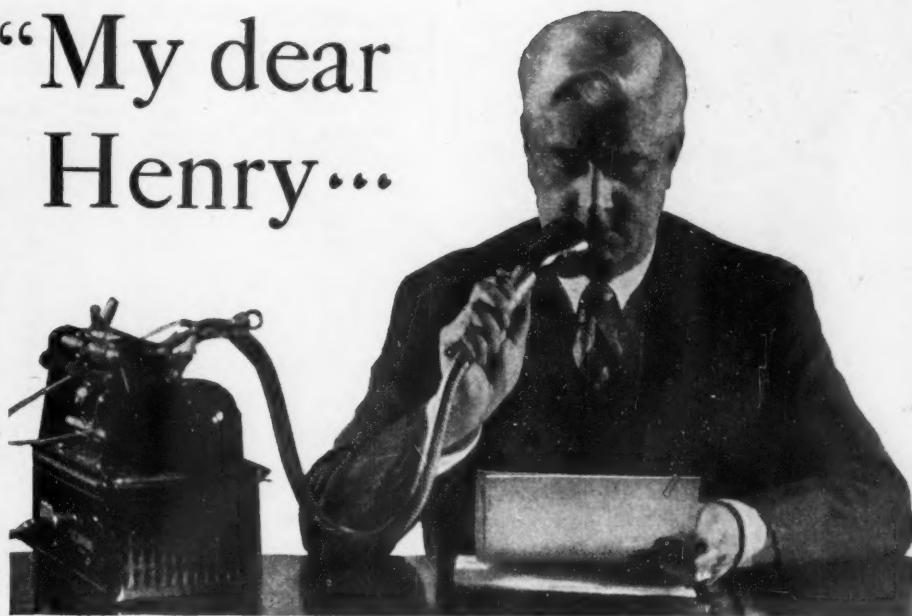
Now we know that the warehousing of our merchandise is one of the most important factors of our business. We have learned that so-called quantity prices are deceptive, and that our profits and success are assured only by the rapidity with which our merchandise is distributed.

The management of the warehouse is one of our most important jobs, and is held by the vice president of the company. He spends all of his time studying stock movements, determining the cost of handling every item, and devising means whereby we can further reduce our overhead costs.

As a result, we have not only saved a great deal of the former cost of warehousing, but have also greatly reduced our cost of buying. Formerly, our buying expense was an appreciable part of our overhead; now it is negligible because most of our buying is a sort of by-product result of our system of stock control and is largely automatic.

Except to introduce new items, it is unnecessary for our manufacturers to send salesmen to see us. In the case of

"My dear Henry..."



If you're anxious to reduce your drying costs, I advise you to wire for an L. D. E."

"You say your drying costs are running too high . . . and you'd like to know if I can tell you what to do about it. Well, you certainly came to the right person for advice.

"Several years ago found ourselves in a similar predicament and combed the drying machinery field for the best equipment obtainable. We discovered that the Louisville Drying Machinery Company seemed to be the recognized authorities, so we asked them to send a salesman to see us.

"Instead of a salesman they sent a man who called himself a Louisville Drying Engineer. To our astonishment he absolutely refused to try to sell us until he had made a thorough analysis of our existing process.

"After studying our methods he returned to Louisville, taking with him some of our material to be dried in a laboratory dryer of full commercial size. So when he submitted his report a few weeks later we knew it was based on facts.

"His report proved that he could eliminate six of the seven men we then employed in our drying department, that he could reduce our fuel expense 45%, and that by delivering dried material continuously instead of intermittently he could speed up production throughout our entire plant.

"Investigation showed that his company had satisfied more than a thousand manufacturers in fifty different industries, so we lost no time in closing with them. Within less than a year our new Louisville Dryers had completely paid for themselves.

"My advice, therefore, is to write or wire for a Louisville Drying Engineer. They make no charge for consultation, so you won't run any risk. I expect to be in your town next month and will be glad to win some more of your money at poker."

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5 Ways to cut drying costs

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new goods, an official of the company first orders a sample quantity, and all future buying is regulated by the movement of the goods.

Our buyer never sees a salesman. His work is with our customers and prospective accounts. He searches their stocks for better merchandise. When he finds products that are better values than our goods of the same kind, he brings in samples and we make various tests and comparisons. Then, when we find the goods to be superior, we negotiate with the manufacturers.

In the case of new items, which we always want for variety, we must be assured of quality and value, with due consideration for the selling policy and advertising of the manufacturer. Also, at least 50 retail grocers must approve the goods. We accept literally the claim of economists that the retailer should be the purchasing agent for his community.

It is evident that, in reducing his costs of distribution to a minimum, the wholesaler cannot assume the expense of specialty selling; but he can cooperate with manufacturers in reducing the cost of introducing new merchandise. We hear frequent complaints from manufacturers regarding the waste entailed by wholesalers who deliver only the cream of the specialty business and discard more than 50 per cent of the orders obtained at considerable expense.

Specialty orders are verified

WHEN specialty salesmen work with us we give them a list of our customers, explaining that we cannot deliver goods to any others. When the orders are brought in, we turn them over to our telephone service department for verification. When dealers refuse to approve the orders by phone, a contact man calls on them. We return all unfilled orders, with the reason given by dealers for refusal, to the manufacturer.

In this way we deliver 98 per cent of all specialty orders placed with us. This kind of selling we consider as a valuable influence in creating new business. It is an investment for the manufacturer and, although the orders are an expense to us, we consider them worth while because of their influence on future business, and we handle them as economically as possible.

Concerning the wholesaler's salesmen, we believe that they are on their way out of the grocery distribution picture. We formerly employed a large sales force; but now our relations with our customers are cultivated by only

three contact men who never take an order. Our experience proves that intelligent retailers can be convinced that it is to their advantage to buy from, rather than be sold by, the wholesaler, since goods can be bought much more cheaply than they can be sold.

It is in selling that we have eliminated our largest single expense factor. Our contact men now influence at less than one-fourth the cost a volume that formerly required the services of at least 15 salesmen to sell. Yet our contact men sell nothing but the company's policy.

Not all are good customs

SPECULATION and other wasteful practices are so deeply imbedded in our industry that it is difficult to convince the average retailer that it is to his advantage to give them up. However, we have induced more than 600 retailers to cooperate with us fully. These we call our Class A accounts, and in addition we are selling about 300 retailers who are on our probationary list.

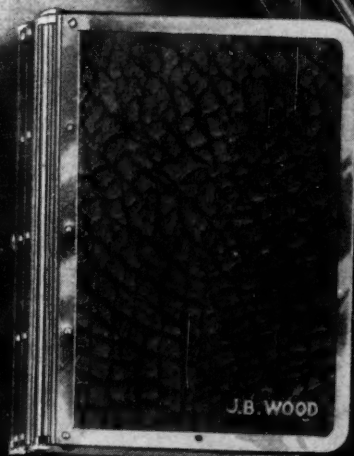
To be a Class A account with us, and to enjoy all of the advantages we offer, a retailer must discount all his bills, concentrate his purchasing, phone, mail or bring his orders in, have an attractive store in a good location, and adopt modern methods of merchandising and display. In other words, to be a Class A customer, the retailer must understand his part in economic distribution and be willing to change his business habits and practices to conform to our principles.

It should not be assumed that we have been able to conduct our business without several compromises with our convictions. Our most important problem has been and is the educating of retailers to realize the necessity of recognizing the economic factors involved, and in several instances we have found it practicable to adopt their methods during the time it required to convince them that there is a better way.

For example, about eight years ago, our company found that it was necessary to cut prices to the losing-point throughout our lines or retire from business, due to the organization of a cooperative buying society among most of our customers. We decided to remain in business and meet the prices of the cooperative. We knew that we could hold sufficient volume to maintain our organization at a slight loss, and we were convinced that we could reorganize on a more economical basis within a reasonable time.

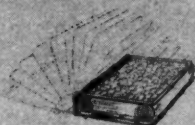
It was evident that our customers had joined the cooperative to obtain certain

THE IDEAL HOLIDAY REMEMBRANCE



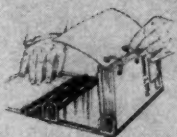
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The 4-in-1 is so finely designed and finished that it appears to be worth much more than the price it brings (\$6.50*) in the best gift and stationery stores. Yet quantity prices are low enough to make it an economical good-will remembrance — especially when you consider that its service extends over a period of years, as refills may be had for a trivial cost. It is appropriately packed in a handsome gift box and enclosed in an individual carton ready for mailing.

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benefits in prices and other factors that we had not given them. To do this they had to finance their own wholesale house, and we thought we could convince them that they could make more money by using all of their capital in their own businesses, after we were in a position to offer them all of the advantages of the cooperative. We decided to take our loss until we had found ways of doing everything that the cooperative was doing. That is what we have accomplished.

Another instance of compromise was in meeting the problem of cash and carry buying on the part of retailers. Our analysis of this plan plainly indicated its unsoundness; but the retailers demanded it, and the condition required that we either accept a drastic reduction of volume for a time or establish cash and carry warehouses. We adopted the latter course, and operated several warehouses profitably throughout the period necessary to prove to all our customers that we could conduct a delivery service more satisfactorily and at lower cost than they could. Then we discontinued the cash and carry service.

In our methods of pricing and price control we are developing out of still another compromise. Undoubtedly it would be sounder economics to identify the overhead expense and necessary profit on every item distributed; but under present conditions we do not consider it practicable to do so.

Some prices are too low

ABOUT 15 per cent of our volume is made up of items, largely nationally advertised goods, on which low market prices have been thoroughly established. Retailers are convinced that they should buy these items at prices which will enable them to meet competition, and it appears impossible to convince them that it is logical and fair for us to sell these goods at higher prices than other wholesalers ask.

If we should ignore these facts and attempt to identify a profit on these items we would create the impression that we are high priced. Our volume would fall off, the percentage of our overhead cost increase, and our selling expense would soon be comparatively prohibitive. Therefore, while we know that it would be advantageous for all concerned to make every item bear its cost of distribution, we find it more practicable to compromise in identifying the profit and overhead cost on each day's business.

We consider our practice of price con-

trol the most important thing we do. Every afternoon, an inventory of the amounts of all items sold the previous day is placed on my desk. This record contains the net cost of every item with the price it sold for and its volume for the day. We care nothing for percentages, except in considering the entire volume of all items. Then, if our net profit for the day falls slightly below or rises above two per cent, we revise the prices of appropriate items to correct the variance on future business.

Work for two per cent

TO ILLUSTRATE this method, suppose we find that our net profit on a day's business is 1.95 per cent. All items are priced, not on a percentage basis, but according to what we know from experience they will readily bring. So, in this case, we would go over the price control inventory and the reports of our contact men to see if it is possible to raise the price of one or more of the low-priced items slightly. If it is not, we revise the price of one or more of the other items. If we should find that the day's net is, say, 2.05 per cent, we would reduce the price slightly on one or more of the high-priced items.

This simple method of price control gives our retailers and the public full advantage of all the economies we have brought about. For several years the variation of our net has been slight, and its average has been remarkably accurate. The system is fair to everyone concerned.

In still another way we have been able to reduce costs. We have eliminated all business secrets, and we know of nothing that is so potentially wasteful. The necessity for secrecy, we are convinced, is an indication that the thing proposed is uneconomic and fraught with the danger of complications and useless expense in the future. So we have no secrets of any kind, and our books are open at all times to our manufacturers and customers.

Therefore, if we have learned anything at all it is that our form of distribution is a three-cornered partnership enterprise, depending for its success on the understanding and cooperation of all three factors in accepting and promoting economical methods. We have also demonstrated, I think, that the old-established method of distribution—from manufacturer to wholesaler to retailer—when it is conducted economically and scientifically, gives the intelligent independent retailer an opportunity to meet profitably the competition of any other form of distribution.

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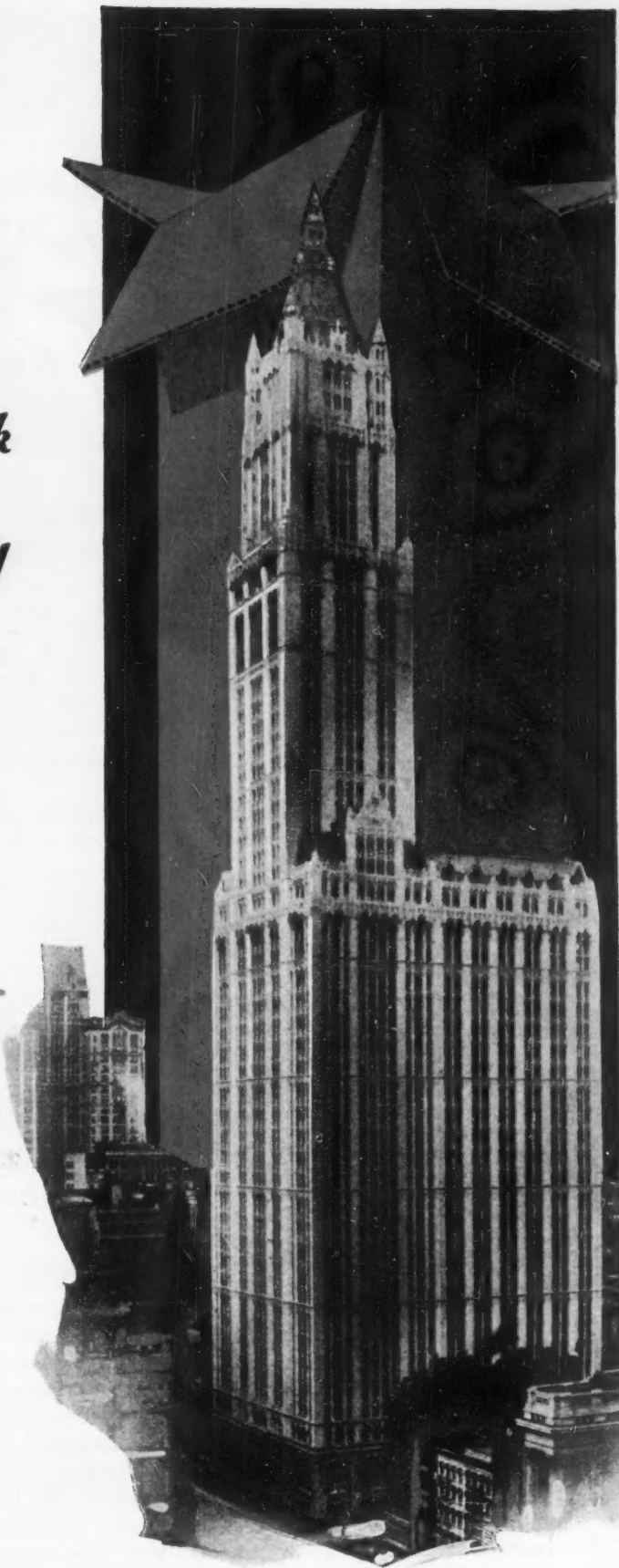
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American roads have been left largely to company management

Who Should Run the Railroads?

By C. D. R. SHERRINGTON

Secretary, Railway Research Service and Lecturer in Transport, London School of Economics

DECORATION BY D'ARCY

THE POST-WAR industrial upheavals in Europe have thrown much light on the long-discussed problem of company-owned *versus* state-owned and state-operated railroads. Cold experience has revealed many things concerning that problem, and these may be summed up in a manner that perhaps will aid in the avoidance of pitfalls in the future.

The railroad systems of the United States and Great Britain are, of course, regarded as the foremost in the world, a position doubtless due to the pre-eminence of those two countries in business efficiency and initiative. Generally speaking, these are the only two great industrial countries whose main systems of transportation have been left wholly to company ownership and man-

agement. It is a fact, of course, that the railroad systems of both countries narrowly escaped nationalization at the close of the war, a fate that was averted through the Transportation Act of 1920 and the British Railways Act of 1921. Even so, the forced policy of amalgamation of British roads into four large groups under the latter act has been interpreted by many authorities as a half-way stage to state ownership and operation should that become necessary in the future.

But such a step is still distant, if indeed it should ever come, a conclusion borne out by the fact that neither in the presidential campaign in the United States nor in the more recent general election in England was nationalization a prominent plank in the platform of

any party. This was true even though the Labor Party of Great Britain nominally stands committed to a policy including nationalization of the mines and railroads.

Still, there are forces at work in both countries which, to say the least, discourage private ownership and management. In the United States these forces take the form of government improvements of inland waterways and highways; in Great Britain of government expenditures on highways. Increase of traffic over these arteries inevitably must result in the total disturbance of freight-rate structures if railroad efficiency is to be maintained. Just where the present policy will lead, it is difficult to see. If it should result in extension of equal government aid to railways, a step

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mentioned in the recent British election campaign, it is reasonable to assume that further measures of government control would be exercised.

In view of all this it may be of value to review briefly the comparative advantages and disadvantages of national ownership and management of railroads, citing instances drawn from experiences of the last few years to demonstrate the main points at issue.

In any such undertaking, one must first separate the question of state ownership from that of state operation.

Freedom of the railways

THE outstanding trend in Europe during the post-war period has been strongly in favor of railway management and of operation as free as possible from political interference and government management. Government ownership is, however, a totally separate conception, and in few cases has a government yielded up ownership of a railway system it already possessed.

Take the case of Germany. Under the Dawes Plan she, in practice, operates her railway system on a reduced capital to yield interest on reparation bonds, the government holding all the ordinary stock. But it should be remembered that to obtain maximum efficiency a company form of management was set up which was to function so far as could be arranged free of government interference.

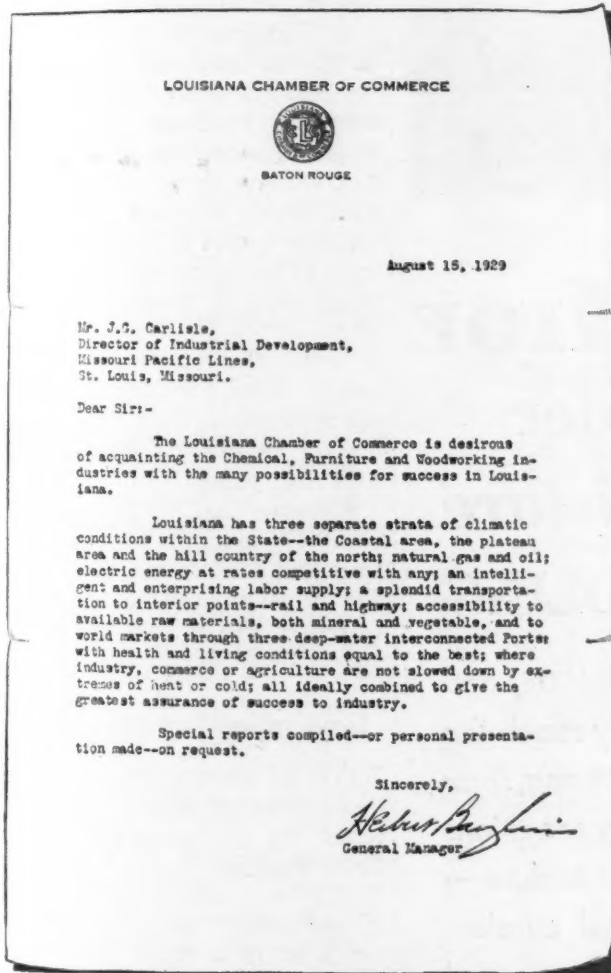
Such an intended freedom is not easy of attainment, especially in a country consisting of what was but recently a loosely knit federation of states; moreover, the German railway executive officers were largely trained as civil servants. However, the German railway has been successful in overcoming these and many other difficulties which beset it, and those familiar with its organization and operation will bear witness to its efficiency.

Being easily the largest railway in the world, it is fortunate to have such a man as Dr. Julius Dorpmüller to guide its destinies. But even here one comes across those insidious movements, collectively termed political interference, which seem so inseparable from government ownership of public utilities. It is well known that Dr. Dorpmüller's appointment was opposed by those who preferred a political nominee, and with the close relationship between the German Government and the railway considerable pressure was exerted. Germany may be justly proud of her railway system today, but it is most doubtful if it would have attained anything

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LOUISIANA has an equitable tax rate and extends to Industry whole-hearted co-operation and support.

The three sources of primary power--Petroleum, Natural Gas and Electric current--on the whole are more plentiful than elsewhere, and an extensive field for distribution made possible by splendid transportation facilities augmented by an intelligent, enterprising and satisfied labor supply, place Louisiana in the forefront of the South's onward march to ultimate intensive industrialization.

The Industrial Development Department of the Missouri Pacific Lines, the Louisiana State Chamber of Commerce and the progressive civic organizations in many cities and towns are prepared to present in detail these and many more reasons why the Chemical, Woodworking and many other lines of Industry will find future economic success in Louisiana.

J. G. CARLISLE,
Director--Industrial Development,
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like its present efficiency if political interference had succeeded in its opposition to Dr. Dorpmüller.

In the United States a political nomination for the presidency of the Pennsylvania, New York Central or Illinois Central Railroads would be difficult to conceive, yet in Germany the whole railroad system of the country was involved in just such a situation.

Granted, however, that a railroad system is left, even under conditions of state ownership, with a technical management thoroughly trained to operate efficiently, it is by no means certain that pressure from depressed industries exerted through government channels may not offset some of the advantages of good organization and management.

In Germany, for instance, the steel cartel was sufficiently powerful, when the railways were wholly state-owned, to insist on the use of a large proportion of metal ties in place of wooden ones. Yet, in Great Britain, even though the steel industry is seriously depressed, the company-owned railroads recently refused to be stampeded into a wholesale replacement of wooden ties by steel ones.

Nevertheless, in essence, neither policy may be wrong. The question is primarily one of viewpoint, and detailed economic analysis reveals the true incidence of such rival policies.

Assuming that metal ties are not so efficient financially as wooden ones, costs will tend to rise with their use and the net profit of the railroad system decreases; this in turn will effect adversely the ability to raise new capital.

Government can pay difference

WITH a company-owned line this reduced operating surplus, or in technical terms, the rise in the operating ratio figure from, let us say, 75 per cent to 77 per cent, must either result in decreased capital expenditure on improvements or in a higher level of gross revenue, obtained by raising rates and fares so as to offset the increased expenditure and bring down once again the operating ratio from 77 per cent to 75 per cent. Hence in finality the shipper or general public must pay the bill for reduced efficiency; in other words, a subsidy is granted to the steel industry through the medium of railroad freight rates.

In the case of a government-owned and government-operated system the incidence is, however, somewhat different, for new capital can be raised at an interest rate similar to that used for other government purposes; in other

words, national credit and status are available to the railroad system. A situation of this kind would result in the added cost of political pressure being offset by use of government credit. One may assume that a government's credit is somewhat higher than that of a company-owned railroad, but during the upheavals of the post-war period in Europe cases actually occurred where a nation's credit was lower than that of its own railroad company.

National ownership and management of railroads in Europe was due in a large part to military considerations, and while few governments have voluntarily parted with their railroad properties, many have realized that government operation is too expensive a luxury to indulge in during the present difficult period.

Make railroads a business

THE FAVORITE form of improvement has been to separate the railroad budget from that of the nation, a policy advocated by the late Sir William Acworth and adopted in the case of Austria and Germany largely upon his recommendation. It has since been copied in other countries, notably in Belgium.

That the present trend is still in the same direction may be exemplified by the case of Yugoslavia which, in order to better the operation of its railroad system and improve the revenue, "was reported at the beginning of this year as having decided to commercialize the railroad undertaking of the state."

Germany naturally supplies the most impressive case of all, but Belgium, which converted its Belgian State Railways into the Belgian National Railway Company in 1926, is also worthy of consideration.

Comparing 1927 with 1925, tonnage carried by the Belgian road increased by 12 per cent, while greater efficiency permitted reductions from 4,627 locomotives, 9,319 passenger cars, and 123,540 freight cars, taken over from the State in 1926, to 4,545, 9,240 and 120,164 respectively in 1927. This reduction represented a capital value of 68 million Belgian francs. In addition, 12,000 employees out of a total of 109,000 were dispensed with, or 12 per cent, among which were 5,000 from workshops alone.

All-round progress was achieved in operating results. The gross freight trainload in 1927 was 664 tons as against 634 tons in 1926, and the operating ratio figure was reduced from 84.9 per cent to 83.5 per cent.

The results achieved in Belgium are typical of those achieved in Germany,



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Many industrial executives have asked E-P Engineers for an electric lift truck that would embody the extreme flexibility and labor saving performance of larger size Elwell-Parker models.

Now, after two years of preparation, we are pleased to announce a truck . . . *so small* that it will pass through an opening slightly wider than your office chair . . . *so flexible* that it will easily turn corners in 53-inch aisles . . . *so powerful* that it will carry a 3000 pound load three times as fast as a man can walk . . . *so economical* that its operating cost is less than the wages of a single hand trucker.

Being smaller, the new truck is simpler in design. Yet simplicity has been achieved without sacrificing quality or oper-



The small size of the Swiss Model E-P Electric Truck is readily apparent.

ating features. The new truck contains many of the standardized parts used on larger Elwell-Parkers. This assures strength of truck and economy of manufacture. All the Elwell-Parker well-known automatic safety features have been retained.

In many plants, due to the quantity of small sized skids already employed and because heavy duty type electrics were obtainable only in larger sizes, a switch-over from small load—slow handling to large load—high speed handling has not been possible until now. This new E-P Truck provides a much needed intermediate stage in a gradual change-over process. It can be fitted overnight into a hand truck—skid system. It will handle the same skids over the same runways as a hand lift truck *at three times the speed and at less than one-half of the cost.* Besides, it negotiates ramps.

Engineers who have seen the new truck pronounce it the greatest advance in the universal application of electric trucking to small plants that has been made within the last 10 years. It is in short, the truck that hundreds of production men have long awaited.

You may have full information by writing The Elwell-Parker Electric Company, 4251 St. Clair Avenue, Cleveland, or by calling your nearest E-P Representative.

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Austria and other countries. They demonstrated the advantages of separation of management from national ownership.

It must not, however, be thought that the division of the railroad budget from that of the nation has been a European policy alone. Newly developed countries, such as New Zealand and some of the Australian states, have benefited equally from this wise improvement. To open up new tracts of country it became incumbent upon those governments to build and operate the railroad systems even if it meant operation at a temporary loss financially.

In practice it has been found that the commercialization of the railroads has resulted in reducing such deficits, and in certain favorable cases has caused their elimination.

France rents her lines

FRANCE, though owning the physical assets and land on which the railways are built, has for many years leased them out to large operating companies such as the Nord, Paris-Orleans, and the Paris-Lyon-Mediterranee. Through socialist influence the government retained the Alsace-Lorraine system returned to it after the Peace Treaty, and by force of circumstances it was compelled to acquire the old Ouest Railway a few years before the outbreak of war, which it joined to its own lines already existing southwest of Paris.

For many years the Etat or State Railway of France has been unprofitable and has been subsidized through the common fund into which the company-operated lines have paid their surplus profits when such were available.

In France there exists a curious instance of the difficulties resulting from government railway ownership. Shortly after the war a strike of railroad men took place and the company-owned lines refused to reinstate some of the strikers; political pressure, however, proved so great that the State Railway had to take all its men back as a result of a government order.

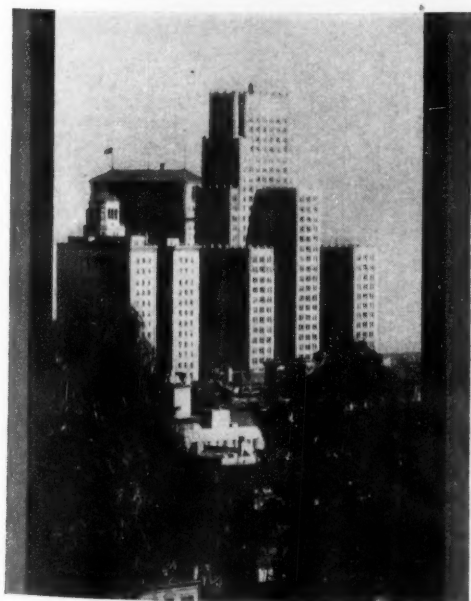
Proponents of nationalization in the United States frequently draw attention to the efficiency of the Canadian National System; such an example is well justified and anyone intimate with the service rendered by that great organization cannot help but be impressed by its all-round efficiency.

The Canadian National, like so many other government-owned railways, arrived at its present status through chance; it became a national organiza-

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Efficiency responds to this outdoor climate, invigorating the year around. Enthusiasm brought by play, the sheer joy of living in delightful surroundings, makes people more productive. The dollar has a higher commodity purchasing power in San Francisco than in any other city.

Here industry looks forward to new heights. Favored by nature, by tradition,—proud of its past—it is ready and sure of the future. That 11,000,000 people west of the Rockies can

be served more quickly and cheaply from San Francisco; that within a 150-mile radius live half the people of California; that the San Francisco Bay area exceeds any other Pacific Coast area in volume of manufacturing;—these are facts found in any engineer's report.

The awakening of markets around the Pacific holds the challenge of the future. In the lands bordering the Pacific live 900,000,000 people who are rapidly awakening to modern wants and demanding modern products. San Francisco is the natural gateway to these growing markets.

Here is the most advantageous distributing point on the Pacific. Here is headquarters for Western commerce, finance and industry.

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OVER SIXTY-FIVE YEARS IN BUSINESS

tion through force of circumstances rather than through design, and its case is unique in that it is guided by a magnetic personality. Those who were acquainted with Sir Henry Thornton were aware on its formation of the latent possibilities of the Canadian National as a system; it required an organism or a living spirit to bring it out as one of growing Canada's greatest assets. It is wrong to claim that its success has been due to any system of ownership. The true claim might be that a government was wise enough to make an excellent choice of a directing head, in fact a better choice than many boards of directors have made.

To any student of Canadian railroad history the question must arise as to what heights the Canadian National might have risen if its management had been as free from political inective as the management of its neighbor roads south of the border; yet one sometimes doubts if the American railroads themselves are as free in this respect as they appear to be at first glance.

President Hoover in his inaugural address stated that "the election has again confirmed the determination of the American people that regulation of private enterprise and not government ownership or operation is the course

rightly to be pursued in our relation to business." It is indeed difficult to reconcile such a statement of national policy with the continuation of a state-owned and state-operated barge line and a state-owned and state-operated ocean marine.

Subsidies rampant in Europe

CONTINENTAL Europe in the nineteenth century constructed and often subsidized its railroads, even today the governments often subsidize railway rates, as for instance, in Poland; during the twentieth century Continental Europe has subsidized its road construction and its air services, as has Great Britain also.

If one method of transport is subsidized, then its competitors may have to be subsidized also, either with increased government control or possibly government ownership. Nevertheless, before such a policy is embarked upon some attention should be paid to the lesson already learned in Europe and elsewhere—that the greater the freedom from political interference, proportionately stronger will be the urge to attain efficiency, which, on a railroad, is measured by courtesy, service and a low level of charges.

Pilots Form an Association

By MILES CATLIN SMITH

SIX YEARS ago, a group of aircraft pilots who happened to be in Los Angeles, California, at the time, were discussing the latest aircraft "crack-up." Pilot Robby Robinson, flying a plane carrying two passengers, had pulled the wings off an OX-5 Standard airplane while looping to give his passengers a thrill.

Every one of the assembled pilots was a veteran flier who had passed through that period in his flying career when stunting, either with or without passengers, was considered quite the sportsmanlike thing to do. Furthermore, every one of them realized that if aviation was to endure and take its rightful place in this nation's transportation system, something must be done to eliminate an opportunity for such accidents.

Desirable legislation was discussed, but they realized that legislation could only warn and punish for misbehavior. To make flying actually safe, each pilot

who flies must so conduct his own behavior that his own safety and the safety of others can never be imperiled.

Finally, it was decided that an organization should be formed to function as a controlling organization for the pilots.

Prime mover in this activity was Gilbert B. Budwig, now chief inspector for the Aeronautics Branch of the Department of Commerce at Washington. Largely through his efforts, the Professional Pilots Association came into being. Budwig was its first president.

To become a member of this Association, a pilot must, among other things, have been flying at least four years and must be, in the opinion of the Association's membership, temperamentally fit for the occupation in which he is engaging. To continue as a member, a pilot cannot fly an airplane acrobatically with passengers for hire and must live up to a code of ethics which the Association has formulated by the vote of its

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CRYPTIC words—a Postal telegram in code meaningless to all except the grapefruit shipper and the buyer. And yet, in the use of those four code words, lie the reasons why grapefruit is so good and so broadly distributed in regions foreign to its growth.

Postal Telegraph is the vital nerve which completes the deal between the grower with fruit to sell and the store with customers to supply. Such messages bring fresh fruit in prime condition.

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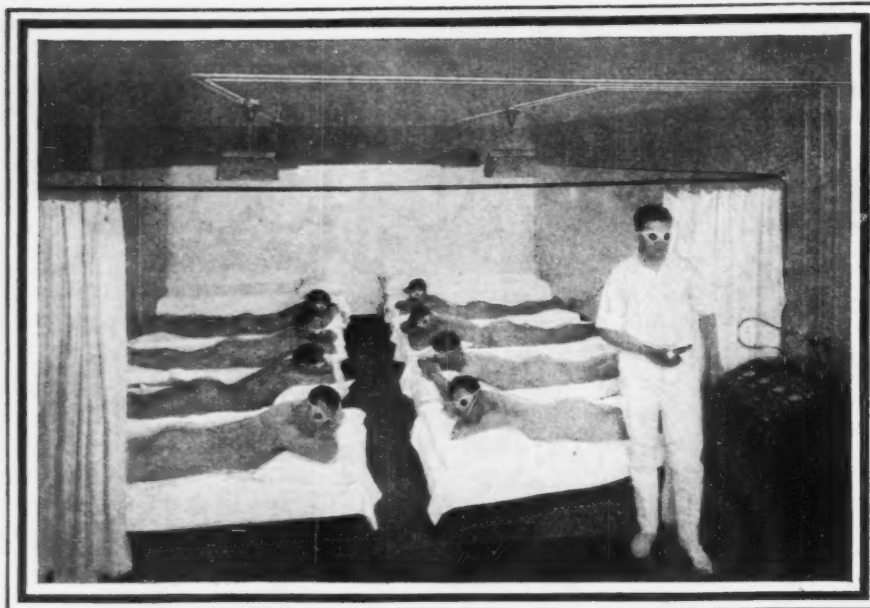
All business is turning to this service. And for these reasons: Speed, Accuracy, Reliability. A written record of the delivered message. Privacy for sender. Instant attention of recipient. World-wide wire connections.

Postal Telegraph, through affiliations in the International System, goes round the world: to Europe, Asia, the Orient over Commercial Cables; to the West Indies, Central and South America over All America Cables; even to ships at sea through Mackay Radio.



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That's why they are *conserving* their time
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If your favorite club has not yet installed Burdick equipment, with its splendid, exclusive features, please use the coupon to obtain facts of interest to you and to the club.

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Largest Exclusive Manufacturers of Light Therapy Equipment
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Kindly send printed matter pertaining
to the Burdick Ultra-violet Solarium.

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entire membership. As set forth in the Association's by-laws, the purposes of the organization are:

(a) To encourage the use of air planes and aircraft, commercially and for pleasure.

(b) By means of tests and examinations, and the use of our emblems and advertising, to protect the public from unqualified pilots, defective aircraft and unsafe landing fields.

(c) To encourage and aid in establishing and maintaining landing fields.

(d) To discourage, and, insofar as possible, to prevent what is commonly known as "stunt flying" with passengers.

(e) To discourage the flying of airplanes at unnecessarily low altitudes.

(f) To attempt generally to make flying and aircraft safe for and popular with the general public, and aviation profitable to those engaged therein.

(g) To encourage constructive aeronautical publicity and legislation and to discourage destructive aeronautical publicity and legislation.

(h) To do each and everything necessary in carrying out the above purpose.

The code of ethics has been built up over the six years of the Association's existence. This code is both strict and specific and, as an illustration of its operation, a well-known stunt flyer was recently expelled from membership because he took to a parachute and abandoned his plane, while stunting it for a motion picture, without giving the mechanic, riding with him, proper warning or assistance. The mechanic was carried to his death.

During the six years of the Association's existence, there have been a few necessary expulsions and many trials resulting in warnings or investigations and improvements of conditions affecting the pilots.

No publicity seeker

TO DATE, this Association has functioned quietly and with no desire for publicity or national recognition. Its members reason that making flying safe is squarely up to themselves.

Every member of the Professional Pilots Association realizes that, by his exemplary conduct, aviation will progress that much more, yet they are more or less at the mercy of those nonmembers who fly unsafely and unsafely.

So the organization's next endeavor is to impress the public both by the conduct and achievements of its members and by whatever warnings and instruction it may give, that the day of air acrobatics is past, if it ever existed, and the safety of all who fly, as well as the growth of the aviation industry, is not dependent on any lawmaking body but on each and every pilot who flies.



Healing by Music

Modern hospitals put the Western Electric Public Address System on staff

Music hath charms—and healing powers. Lucky is the hospital patient whose convalescence is cheered and hastened by entertainment through the Western Electric Public Address System.

It amplifies and distributes sound to all parts of the hospital by means of loud speakers in private rooms and telephone headsets in wards. And patients can listen to radio broadcast, or entertainment put into a microphone in the building, or phonograph records played on the Western Electric Music Reproducer.

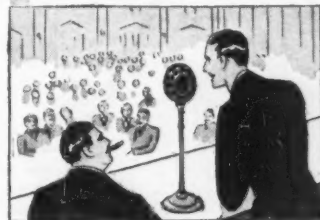
Here then is a soothing bedside visitor always on hand at the right moment.

The Western Electric System has many advantages which appeal to progressive hospital managements. Architects and engineers value it because it is electrically reliable, made by the makers of your telephone.

To hospitals, hotels, schools, amusement parks and communities, it offers new opportunities for service to their public.



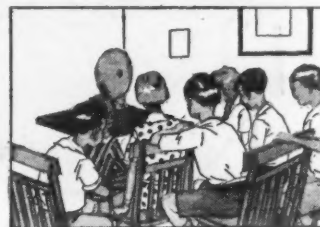
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Now all can hear in the hotels' large meeting rooms.



Dancing to the Music Reproducer at restaurant or country club.



The school principal can, by loud speaker, address all rooms at once.

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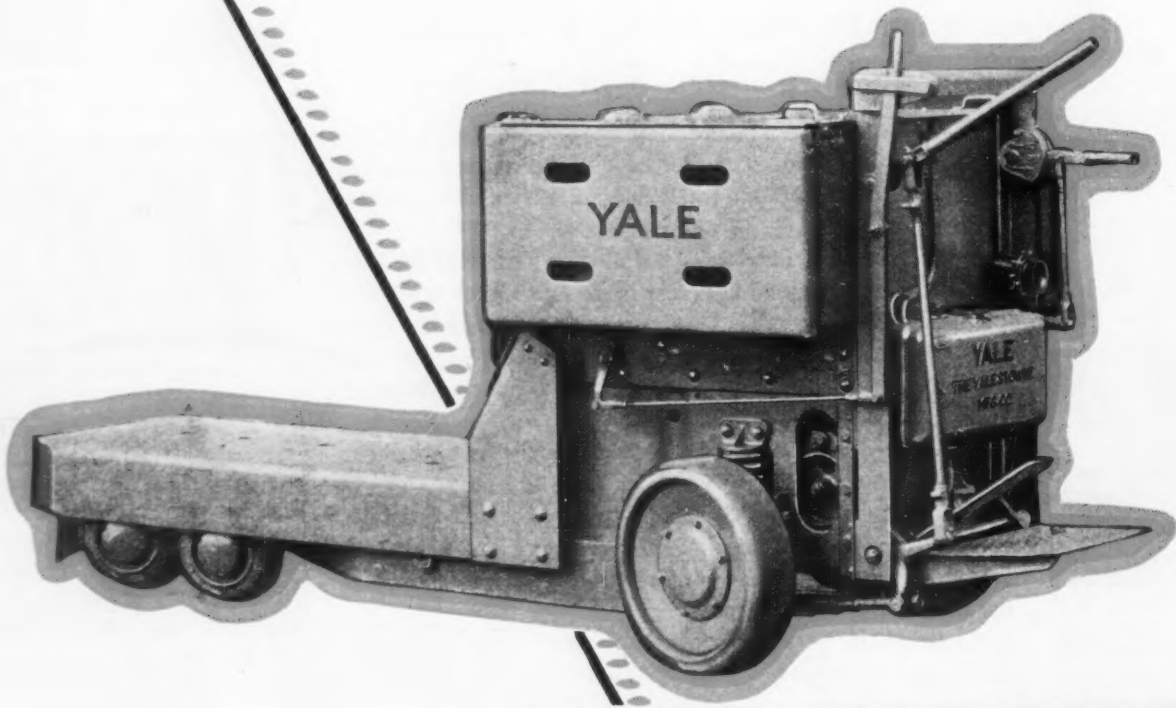
COMBINING the resources—production—service reliability—and standard of quality of Yale and Stuebing places at the disposal of every American business an advantage that was heretofore unattainable.

A united group of thoroughly trained materials handling engineers now stand ready to assist you in forming a co-ordinated plan of handling your products from their raw material stage to that of finished units.

The basic plan is the use of the inexpensive skid platform. Your goods—whatever they may be—can be handled, lifted, stacked and hauled more quickly and more economically by this method than by any other. The skid platform becomes the inventory unit, and the method of lifting and conveying these depends upon individual preference of local conditions.

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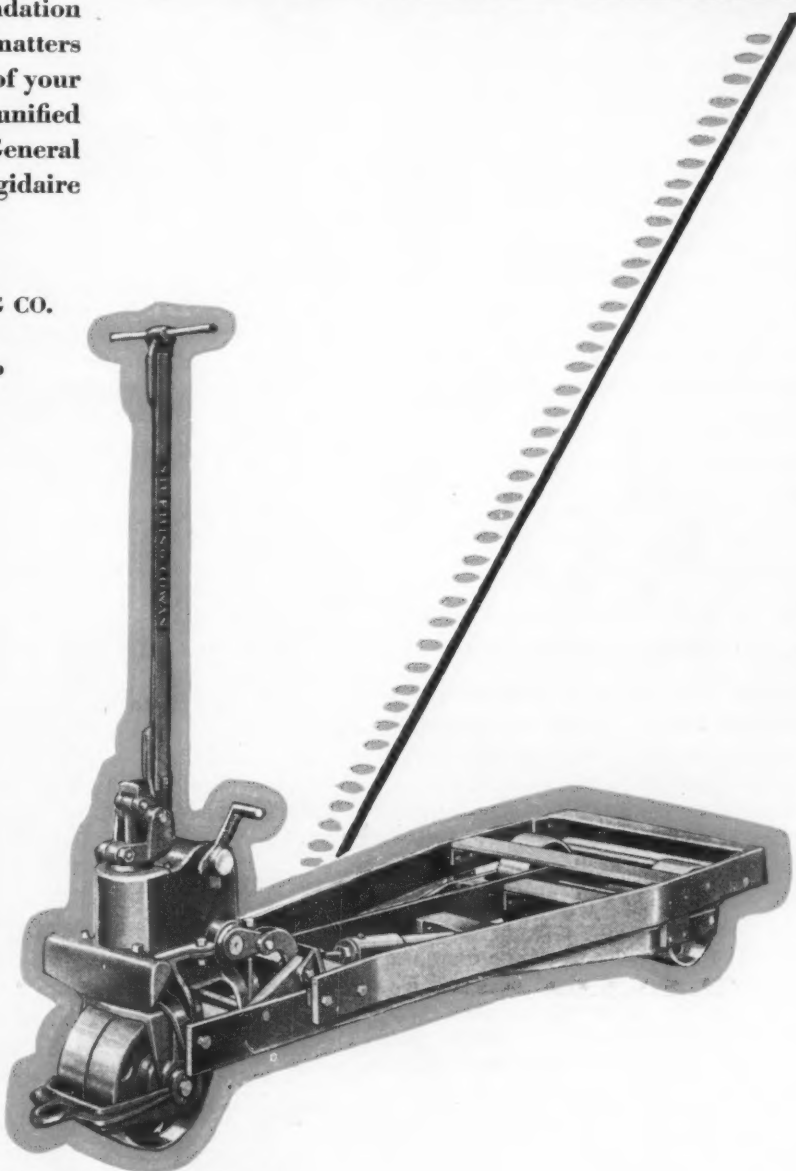
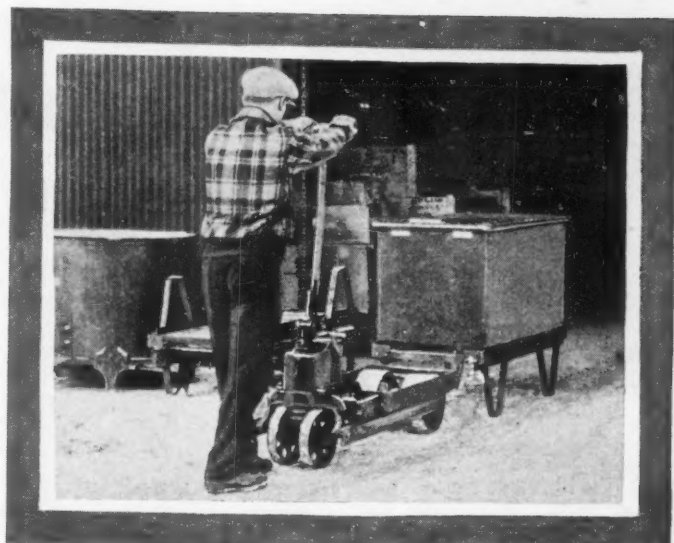
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TOPICS FROM THE BUSINESS PRESS

By PAUL H. HAYWARD

HOPE is a commodity that comes high on the New York Stock Exchange, if we may trust the figures of Theodore H. Price, who writes in *Commerce and Finance*:

It (the high rate for call money) seems to have lost its terror for speculators despite the fact that the credit now borrowed by the members of the New York Stock Exchange alone amounts to more than \$7,000,000,000 and must cost those who are carrying stocks an average of fully eight per cent per annum or \$560,000,000 a year. To this must be added the expense of maintaining and operating the machinery of American speculation, which is estimated at a minimum of \$2,000,000 a day or \$600,000,000 for a year of 300 working days. This is a total of at least \$1,100,000,000 a year that is being paid by speculators for the luxury of hope and it may be that some of those who are now enjoying this luxury will conclude that it is costing too much.



♦ Our Innocents Abroad

A NEW and refreshing glimpse of the American tourist abroad is afforded us through the eyes of the manager of an historic London restaurant, who is interviewed by the London correspondent of *The Manchester Guardian Weekly*:

The feature that had impressed him (the restaurant manager) most about his American customers was their signs of great prosperity. Did they order expensive wines, or give enormous tips, or what? No, it wasn't that; it was the number of Americans who had their children with them. He had never seen nearly so many American families on tour before, and that seemed to him a striking sign of prosperity, for to take a son and daughter abroad, as a good number of couples now were doing, must mean almost doubling their expenses.

♦ The Lurking Law

CONDITIONS that have prevailed in the coal industry for the past several years at least make understandable the

note of bitterness that creeps into this editorial from *Coal Age*:

Restriction in production is urged upon the farmers of the country by Washington. . . . No one thinks of challenging the timeliness of the soundness of the advice thus officially given. But, if coal operators or oil producers were to meet and formally agree to limit output to normal requirements, the shadow of the Sherman law would darken their windows.



♦ The Stogie's Origin

THE stogie, plebeian though it be as compared with other members of the cigar family, may well swell a little within its wrapper at this historical puff in *Nation's Traffic*:

The completed road (the Old National Pike) as far as Wheeling, W. Va., was thrown open to travel in 1818. . . . The freight over the road in the early days was carried in Conestoga wagons.

The drivers wanted a cheaper smoke, and in order to satisfy the demand, George Black, an enterprising tobacconist of Washington, Pa., is said to have produced an elongated cigar which the drivers carried in the tops of their boots and which came to be known as a conestoga or stoga. The same kind of cigar is now known as a "Pittsburgh Stogie."

♦ A Word to Carolinians

"COMMUNISTS Score on 'Error' by Opponents," the *Textile World* avers in a headline that introduces an editorial deploring the mobbing of labor leaders in the southern textile strike zone.

"The southern textile industry is on parade," the editor declares, and continues in this vein:

disturbances in that section in recent months have focused national attention upon conditions in the mills. . . . There is no doubt that a very considerable number of people in the country believe that southern textile manufacturers are a group of industrial despots who are grinding half-starved workers under their heels. . . . It is not necessary,

to dwell . . . on the injustice this type of thinking does to the average southern mill manager.

The background of that remarkable industry has been traced, the exceptions to the rule admitted, and the weakness in the present situation pointed out as a guide for corrective action in the future.

However, it is necessary to sound a warning of the reaction on public thought which certain events in the South are exercising.

A review of the instances of violence that have occurred in the course of the strikes follows. Then

if North Carolina is really "through" with the communistic doctrines which have been preached in its mill towns during recent months, as impartial observations in that sections would seem to indicate, "kidnapping" and beating men identified with the communist group will prove to be an effective weapon by which any attempt to rid the State of such a group will be defeated. . . . It is up to every right-thinking citizen of North Carolina, whether he be a textile manufacturer, a mill worker, or a citizen unidentified with the textile industry, to lend his best efforts to the absolute prevention of any such occurrence in the future. In the long run the country at large would have shown its approval of the resistance to communistic theories manifested in North Carolina.

It will never approve resistance which takes the form of mob violence.



♦ Welcome to Our Home!

LAST month NATION'S BUSINESS printed an article that touched on the new trend in bank architecture, accompanying it with a photograph of the Bankers Trust Company's home in Hartford, Conn., a structure which has the exterior appearance of a fine old New England residence.

Now we learn, from the *National Grocers Bulletin* that the trend is also evident in other sections and other fields. We read:

The Bungalow Stores Company is the

The Merger of Functions that Simplifies Buying

CONSIDER the buyer—*your* customer. Bankers, insurance men and other allied groups have done it. They have concentrated their establishments within a radius that lets the customer focus his energies centrally, to do his business easily, quickly, at less cost. Witness, Wall Street, La Salle Street.

The principle is established. Economies in business, affecting the profits of all suppliers and the thrift-habits of consumers, have forced the issue.

Manufacturers, distributors and importers of general merchandise are capitalizing the advantages of the established principle. They want to be where the crowds come to buy. That's why they'll be in the Merchandise Mart . . . at the center of things where buyers from everywhere will naturally concentrate their buying.

At the nation's crossroads, within a night by rail and four hours by air of 65% of the country's retail out-

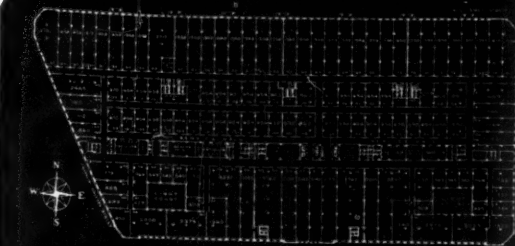
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lets, the Colossus of Marketplaces is being made ready to accommodate entire industries on single 200,000 square-foot floors. To such a center will come merchants to select merchandise assembled from the four corners of the earth. Buying will be done with ease. And oftener. This great merger of functions invites you to participate in the larger profits that will accrue to all. On *your* floor there still are desirable sales, display and flexible storage spaces. But hurry! Occupancy early in 1930. Request blue prints and other information. Address,

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Your business ...with

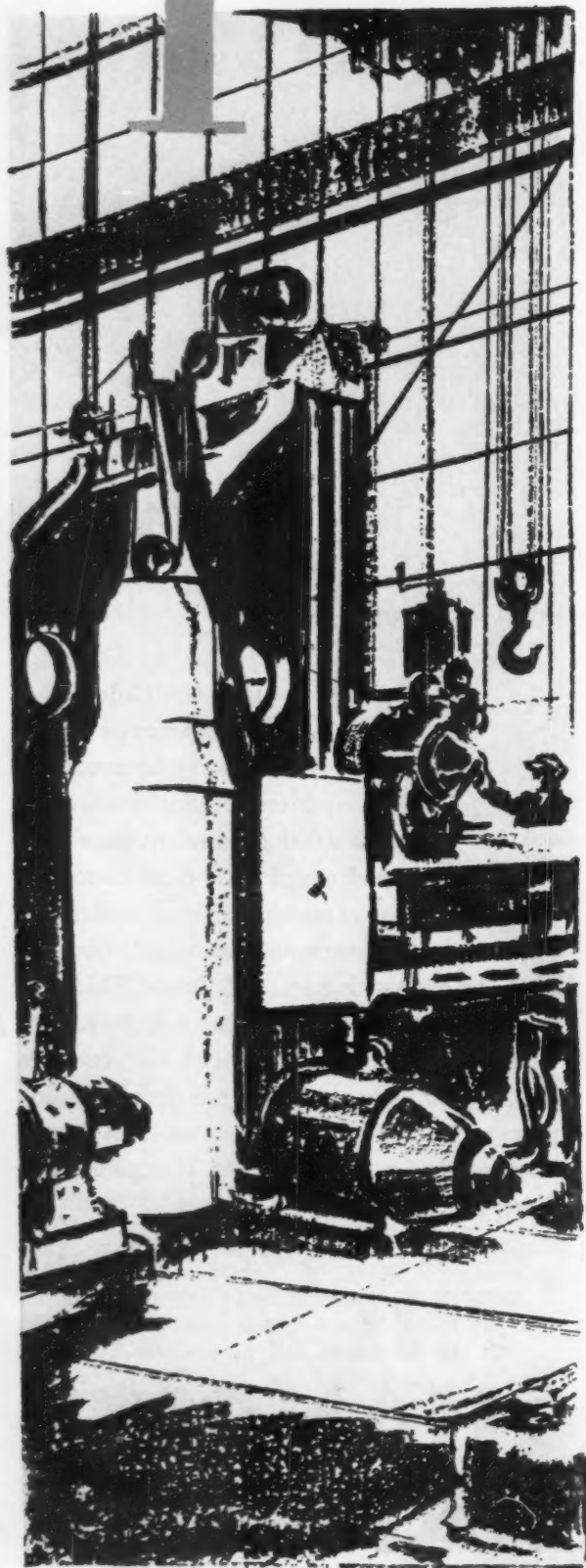
Look in your own business ledgers for evidence of X—the personification of those powerful external forces that dominate all business today!

They've been making newspaper headlines for months: "Postum and Maxwell House Merge" . . . "Colgate Merges with Palmolive-Peet." At luncheon . . . in broker's offices—wherever business men meet—mergers are the chief topic of conversation.

For mergers are daily creating perplexing new problems of competition, marketing and advertising. More than likely you have already been affected by the merger movement. Probably you are doing business—or competing every day with merged concerns!

And mergers are only one of the multitude of powerful X forces that dominate modern business! Shifting finance . . . fickle fashion . . . legislation . . . new inventions . . . revolutionized distribution—such are the X forces that control your business—and your own career. *You are inseparably merged with X—for better or worse!* You can accept X as your partner and ride to prosperity. Ignore him and he may grind you down!

Every issue of Nation's Business contains useful information upon these powerful X



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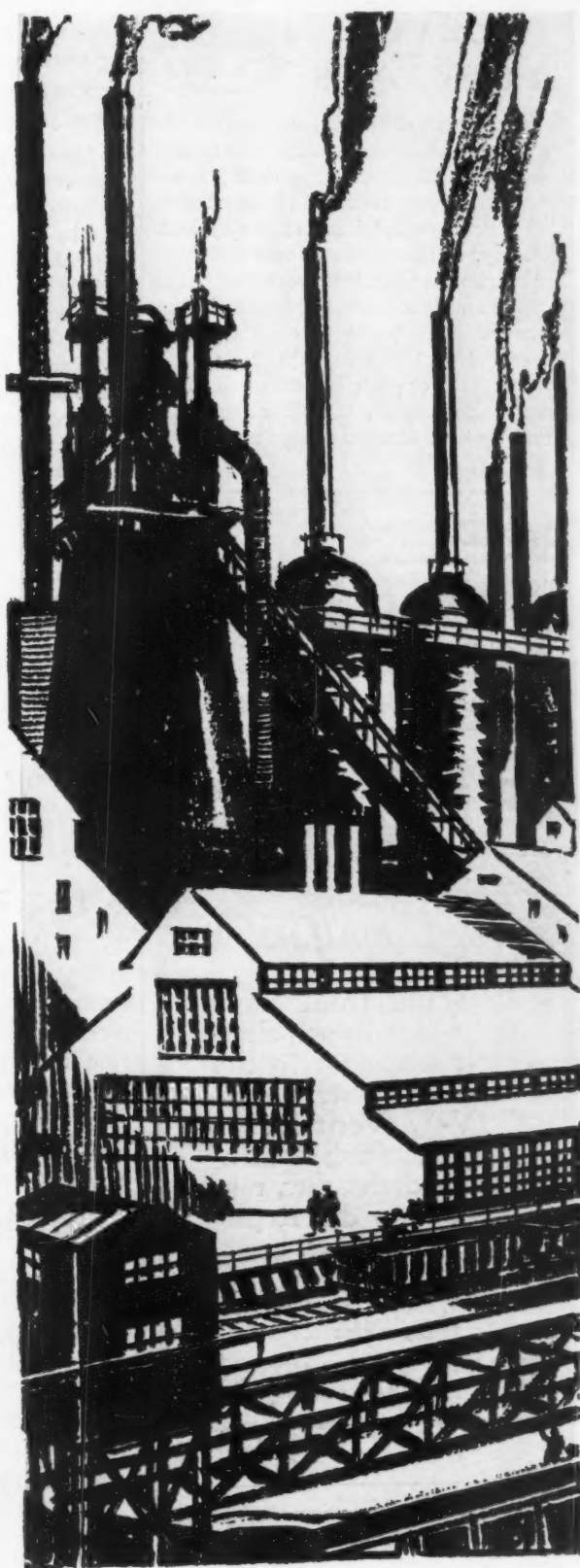
X

forces in modern business. Here—in this very copy you hold in your hand—authoritative writers discuss many important developments that bear upon your business and personal success!

Turning the Spotlight on X

James H. Collins, for instance, analyzes "Your Job—after the Merger"—surely a subject close to you! And you will find much to think about in "A City Under a Single Roof," Raymond M. Hood's picture of the architecture of the future. Mark L. Requa points out "The World's Worst Waste" . . . and Frederick A. Van Fleet gives you in "A Disaster in Management," an analysis of the unfortunate ventures of the Brotherhood of Locomotive Engineers into financial and real estate fields. "And in Clearing the Ether's Traffic Jams," Louis G. Caldwell discusses two important X forces—the radio and legislation. You can't afford to miss a single one of these articles!

As you read, remember that more than 300,000 of America's leading executives—in all fields of industry—depend upon Nation's Business to keep informed upon these same X forces. And—as so many advertisers have learned—their alert, intelligent reader-interest is reflected in its advertising pages. Is your advertising reaching this important influential market?



BUSINESS






and concentrate all your attention on the job. Neo-Leum eliminates confusing reflections of objects or light. Finished in dark green—nature's eye-comfort color. Neo-Leum stimulates working speed, insures accuracy, adds efficiency. It also preserves new desk tops and renews old ones. It makes offices better looking, and is a profitable, permanent investment. Neo-Leum is its own best salesman, and will demonstrate 10 specific advantages over glass, besides costing one-third to one-half less. Use it ten days without obligation. Use the coupon now.

WAGEMAKER COMPANY
664 South Market St.,
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Please ship f.o.b. Grand Rapids, the following size Neo-Leum top or tops, which we agree to use for ten days, returning or remitting within this time. Size of desk top _____ in. by _____ in.

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Efficiency
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NATION'S BUSINESS
Washington, D. C.

name which the Kopke family . . . has given to its business out in Boise, Idaho. The name of the company is a fitting description of the store building, as it is located in a zone in which the ordinary store building is not permitted. The exterior is of necessity a bungalow—which of course is fitted with all modern, standard store fixtures.

♦ A Place to Park

ONE solution to the ever-present parking problem, notes the *Michigan Manufacturer and Financial Record*, is the paved parking area. In Chicago

the Lincoln Park Board is making an effort to unscramble its traffic situation by constructing two concrete parking spaces . . . 320 feet long by 130 feet wide, accommodating 300 cars. At Coney Island there is a concrete parking space 1,350 feet long by 705 feet wide, large enough to accommodate more than 5,000 cars.

A fair-sized city in Illinois realized that it was not getting its share of rural business. Farmers were going elsewhere to do their buying. City officials and business men conferred. Shortly a group of old buildings was torn down and a spacious parking place was provided. Not content with this, the city built a new bridge across a stream which had always been a traffic barrier. Today probably no city of its size is getting more rural trade than this progressive Illinois community.



♦ Tastes and Towns

"STYLE laughs at Distance," we read in the *American Fur Designer*, but the article thus headed contains a message for others than fur designers. The magazine quotes Frank Herskovitz, New York fur garment maker:

There are no boundaries to transmission of style. There is no delay. The radio and the automobile, the movie and the magazine, relay fashion news. No time is lost. . . . The farmer's wife in Keokuk and the merchant's daughter on Park Avenue read the same pages of the fashion magazine and tune in on the same radio talk. There are small towns but only in size. There are no small towns in taste.

♦ Practice and Theory

WHAT we need is more practical and less theoretical instruction in our public schools, declares the *Oil, Paint and Drug Reporter* in commenting on shortage of adequately trained industrial chemists. Educators meet complaints of this nature, the editorial continues

with the charge that they cannot maintain

teaching staffs of the ability required to turn out better graduates in industry, first, because trained, capable instructors are not numerous, and, second, because industry can and does overbid education for the services of the best equipped.

But behind all this is the probability that chemistry is not properly taught in the earlier schools: the subject is approached from the wrong angle. It would be better to teach the application of chemistry to schoolchildren rather than to endeavor to cram them with formulas and laws which will be of no use whatever to, perhaps, nine out of ten of them in later life.

The smattering of technical terms with which the average student emerges from public school courses in chemistry cannot be compared for real usefulness with the knowledge that might be imparted to him with reference to the industrial value and its economic influence. Why teach the formulas of butyl compounds to a boy who is going to be a contracting painter when he can more easily and more usefully be taught the uses of these compounds in the paint industry?

♦ A Threat to Liberty?

BRANCH banking, the topic of the day in banking circles, draws a withering blast from *The Commercial and Financial Chronicle*, which comments editorially:

Since the people *own* their banks, whence comes this influence tending in the direction of chain and branch banking? Outside of a few isolated and peculiar communities having "marketing associations" that use larger credits than the local banks can supply, as in the citrus fruit districts of California, is there a single community in a normal productive state in the Union that is asking for a branch bank or for a system of branch banking? Is there a single community that, once awake to the perils of displacement of their locally owned banks, will sit idly by and allow the natural credit and capital in their own control to become disciplined if not destroyed by financial forces alien and remote? . . .

We feel that the consolidation of our great city banks into larger integers is consonant with the growth of corporations, industrial and financial, that must now cover larger domestic territory, supply increasing consumption demand, and follow foreign trade to foreign shores. But this has nothing to do with branch banking—the setting up of petty finance offices in every town and village to annoy, hamper and undermine established local banks, that are part and parcel of the communities they serve. Personal ambitions to create an interlocking chain of banks to swell deposits and drown out natural competition, aye, to exchange stocks in a holding company for active stocks in small going banks, is not, in our view, a rational cause for this radical change in our banking affairs. The influence comes from the wrong direction and detracts from the liberties of the people.

At Home..

in Conference
Room or
Laboratory

The Domestic Electric representative is actually an engineer . . . as experienced in working with a manufacturer's blueprints as with the men at the bench. He is equally at home in conference room and laboratory.

He knows motors from shaft to shell. He knows how important it is to obtain a motor that is designed and built specifically for the appliance . . . that has proved its fitness *before* it is installed.

For this reason, when a Domestic Electric representative calls to assist in developing or improving an appliance motor, he talks with authority not only on motor fundamentals, but also on prob-

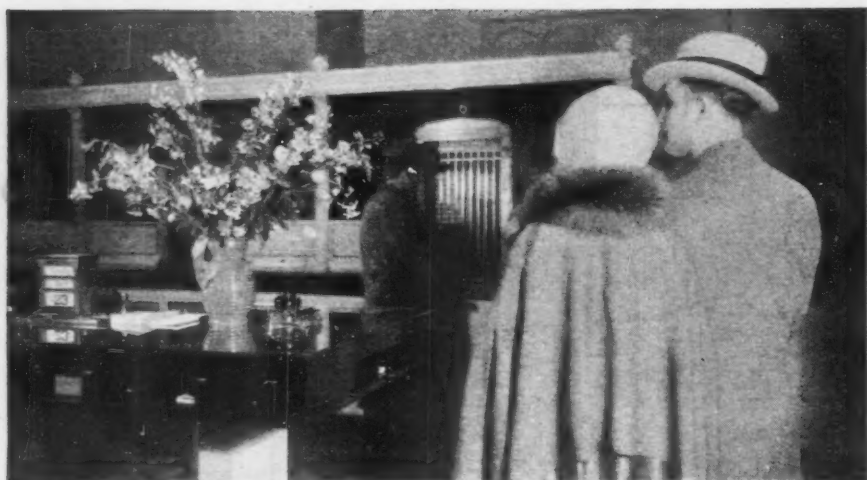
lems of motor design, production and marketing.

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The Chamber's Mid-year Meetings

NATIONAL and regional viewpoints on problems faced by the Chamber's membership were brought into timely focus at meetings held in Columbus, Ohio, and Ogden, Utah, during October.

The National Council's conference at Columbus constituted, in effect, an annual stock-taking at which the program of the year's activities was considered. Among the speakers were Myers Y. Cooper, governor of Ohio; A. H. Vestal, majority whip of the House of Representatives; William Butterworth, president of the National Chamber; and Julius H. Barnes, chairman of the National Chamber board.

Forestry, mineral resources, water power, reclamation, and immigration are among the subjects to which attention of directors and officers of the National Chamber is directed by the resolutions of the Western Division Meeting at Ogden.

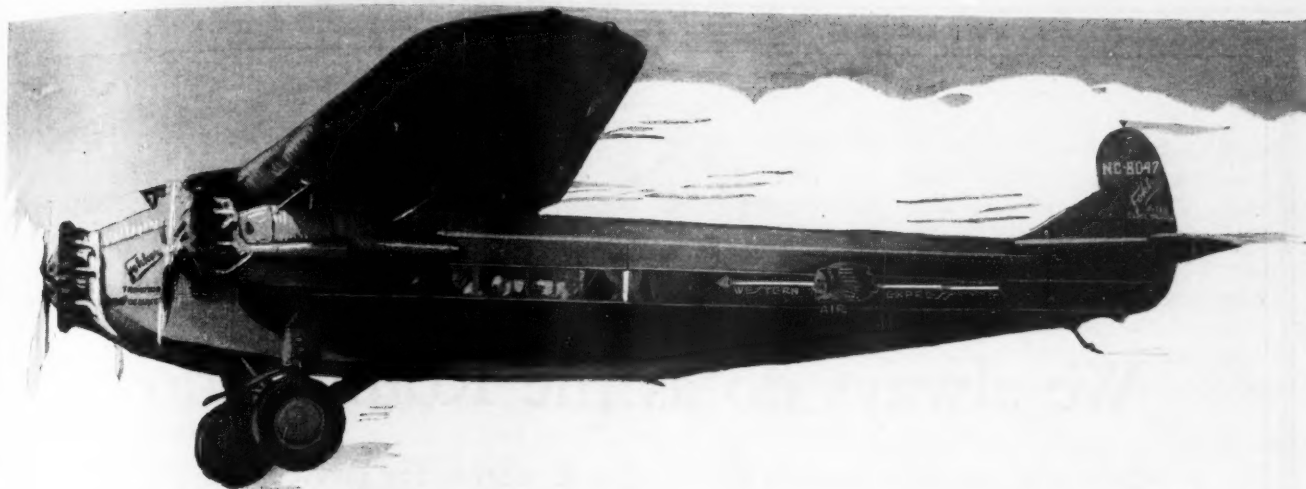
These meetings will be reported in greater detail in the December issue of NATION'S BUSINESS.

Business Goes on the Air

A WEEKLY half-hour radio program conducted by Merle Thorpe, editor of NATION'S BUSINESS, which will bring the voices of outstanding industrial, professional and governmental leaders to radio listeners, was launched October 26 over the National Broadcasting Company's red chain.

The program, entitled "The New Business World," is scheduled to be heard every Saturday night at seven o'clock, Eastern Standard time.

Editor Thorpe, in the initial broadcast, reviewed business conditions and outlined the subjects to be covered in ensuing programs. Speakers who will assist him in these broadcasts include William Butterworth, president of the United States Chamber of Commerce; Julius H. Barnes, chairman of the board, United States Chamber; Julius Rosenwald, Chicago merchant and philanthropist; Robert P. Lamont, Secretary of Commerce; James J. Davis, Secretary of Labor; Alexander Legge, chairman of the Federal Farm Board, and Carl Gray, Union Pacific president.



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made motors for service in every country on the globe, and we can tell you frankly that, electrically at least, it always pays to do as the Romans do—or the Scandinavians, for that matter. There are dry countries, wet countries, a miscellany of other little things and a rather special insulation that saves a world of trouble on all transoceanic jobs which you ought to know about. Why not let us tell you?

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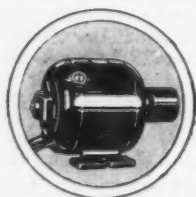
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1878



1929

How Much Can We Lend Abroad?

(Continued from page 28)

to prophesy. One thing, however, is certain:

The world, generally speaking, is getting better each day, even if, to some who still think in terms of 1913, present conditions appear abnormal. Of course, 1928 is abnormal when compared with 1913, but why select 1913 as the standard of normality? Was 1913 normal compared with 1900?

The writer is definitely of the opinion that conditions today are normal, just as any situation, however abnormal when compared with other periods, must be regarded as normal if it endures for a sufficiently long time.

More bonds will be sold

THE need of the world for capital is still great. The somewhat more definite adjustment of the reparations tangle, which has just been reached, is likely to result in a commercialization of the German debt to the Allies, that is, in a transfer of these obligations from the realm of politics to the realm of economics. An attempt will then be made to offer German bonds in the world markets and New York will probably get a considerable portion of them. The change for the better in the situation in the Balkan

countries is expected to facilitate the sale of bond issues on their behalf.

A Roumanian loan of one hundred million dollars has already been contracted, out of a total authorized amount of \$250,000,000. Bucharest desires a loan of \$10,400,000 and the amount desired by other Roumanian cities and municipalities is about \$25,000,000. Yugoslavia's requirements are placed at \$250,000,000, while Greece is looking for a loan of \$75,000,000.

The City of Athens and the City of

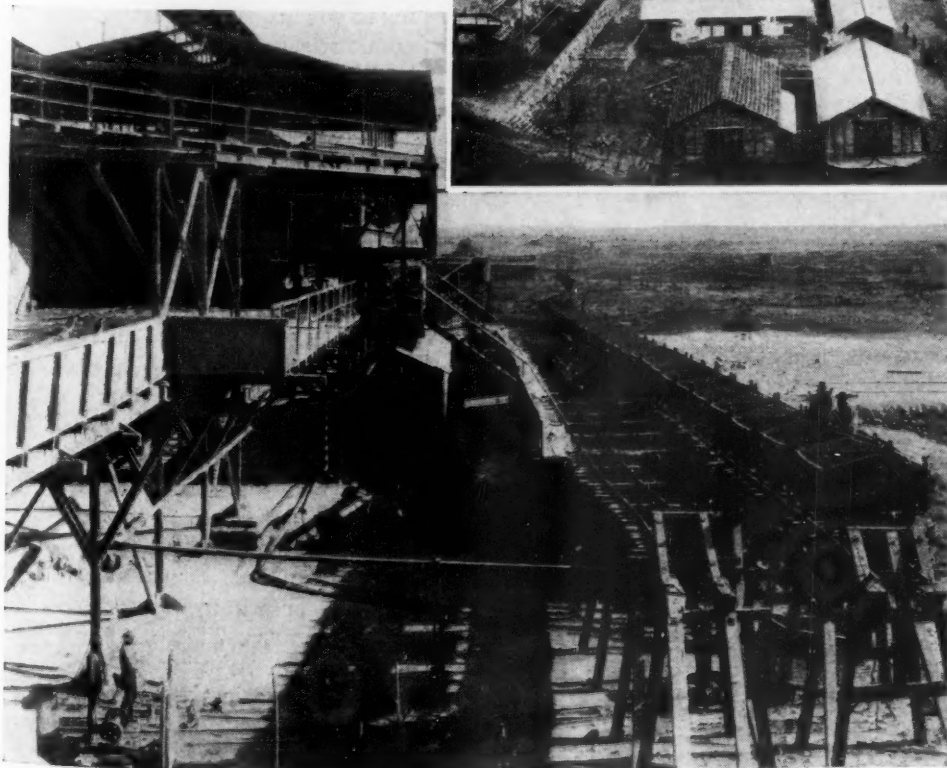
Piraeus are understood to be seeking loans aggregating ten million dollars. The westernization of Turkey under Kemal Pasha may also result in financing the erstwhile Ottoman Empire. The Government contemplates the establishment of a Bank of Issues with capitalization of fifty million dollars, of which one-half is expected to be raised in this market.

Bulgaria's financial requirements appear to have been met by a twenty-seven million dollar loan concluded last



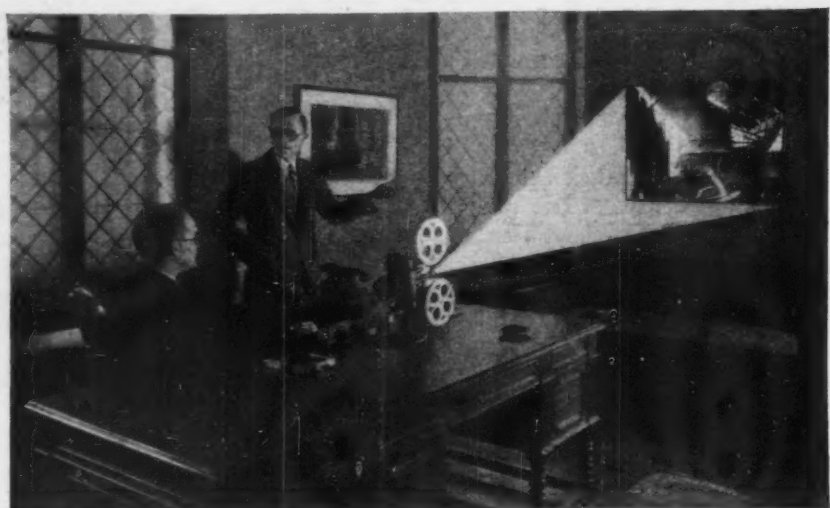
CULVER SERVICE

Our financiers and engineers joined in building this hydro station in Japan



American dollars erected these crusher bins at the Maria nitrate plant in Chile

EWING GALLOWAY, N. Y.



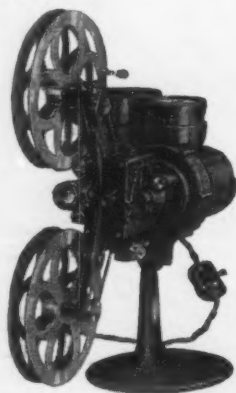
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year. However, the city of Sofia is looking for \$2,500,000, and the city of Philippopolis for one million dollars.

The Bulgarian Mortgage Bank, organized recently with the aid of American capital, is also expected to issue mortgage bonds totaling between \$10,000,000 and \$15,000,000. Hungary is still a fairly good field for the placing of American capital, while Austria is expected to reenter our markets with a government loan of about one hundred million dollars, of which at least half may be placed here.

Italy, too, is likely to continue to borrow here. Refunding operations by Denmark and Norway, a Latvian loan, and additional Polish financing complete Europe's financial needs, which are expected to be met in the American market. To all these we may add the loans to be floated on behalf of Latin American nations.

The question of how this enormous debt is going to be repaid has naturally been raised. It is admitted that, while interest payments are generally within the "capacity" of the various debtor nations, the principal of the obligations can be cared for only by creating new debts. If carried on indefinitely, the pyramiding process may possibly become dangerous, and wholesale defaults and repudiations will again face creditors, as was the case during the greater part of the nineteenth century.

Some students of international finance suggest that to protect ourselves against this eventuality we favor only "productive" loans. Others suggest loaning to governments whose "general economic status is one of continuing and healthily expanding prosperity."

An uncertain distinction

THE advice is doubtless sound, but does not appear to be especially significant. To begin with, the line of demarcation between productive and unproductive loans has not been very clearly defined. A loan which would be termed productive may and occasionally does turn out to be unproductive.

If, for instance, a loan is made to finance a railroad, and the road fails, the loan would naturally be regarded as unproductive, although when floated the loan was unquestionably productive. Similarly, a loan contracted to equip an army or a navy to wage war may result in a marked increase in the country's wealth. In other words, a loan which was seemingly unproductive may prove distinctly productive.

It is much easier to judge the nature of a loan after the proceeds have been



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In all, 102 vocations and professions are represented in the operation and management of this far flung, forward-looking transportation system. In its interests, in theirs and in yours, 50,000 men and women work in unison.

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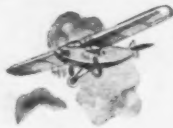
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spent rather than before they are utilized.

For these reasons I have refrained from criticizing loans solely because they seem "unproductive" or from commending loans because they are contracted for "productive" purposes. The willingness and ability to pay determine, in my opinion, the quality of a government obligation, which, in the final analysis, is merely a promise to which the lender must hope the debtor will endeavor to adhere.

As for the other suggestion, we may possibly disregard it altogether. Probably few governments will be in need of borrowing if their "general economic status is one of continuing and healthily expanding prosperity." It therefore remains for us to devise other methods to safeguard our interests abroad.

Are perpetual loans ahead?

IF we analyze foreign loans carefully, we shall probably conclude that repayment of principal at a specified date is perhaps less essential to the investor than the continuance of interest payments.

Few of our big corporations repay their indebtedness, but inasmuch as their credit position remains satisfactory they have little difficulty refunding loans when they fall due. What is true of corporations is equally true of governments. In fact, I would go even further and suggest the advisability of floating perpetual loans rather than issues carrying fixed maturity dates.

This method would frequently put a government in position to take advantage of existing situations. It would convert its debt into lower coupon-bearing bonds in times of monetary ease, and, in times of monetary stringency it would not be obliged to repay its loans.

The United States has thus far loaned billions of dollars to the rest of the world, and our loans abroad are being made today at the rate of about two billion dollars a year.

Answering those, however, who maintain that our foreign loans have been detrimental to American interests, we may refer to the rather significant coincidence—it is probably more than a mere coincidence—that our investments abroad, both political and commercial, made during the past decade and a half, almost exactly correspond to the aggregate excess of our exports over imports for the same period.

In other words, had we not invested abroad, we should have been unable to dispose of our surplus production, nor would the rest of the world have been in a position to pay for such surplus.

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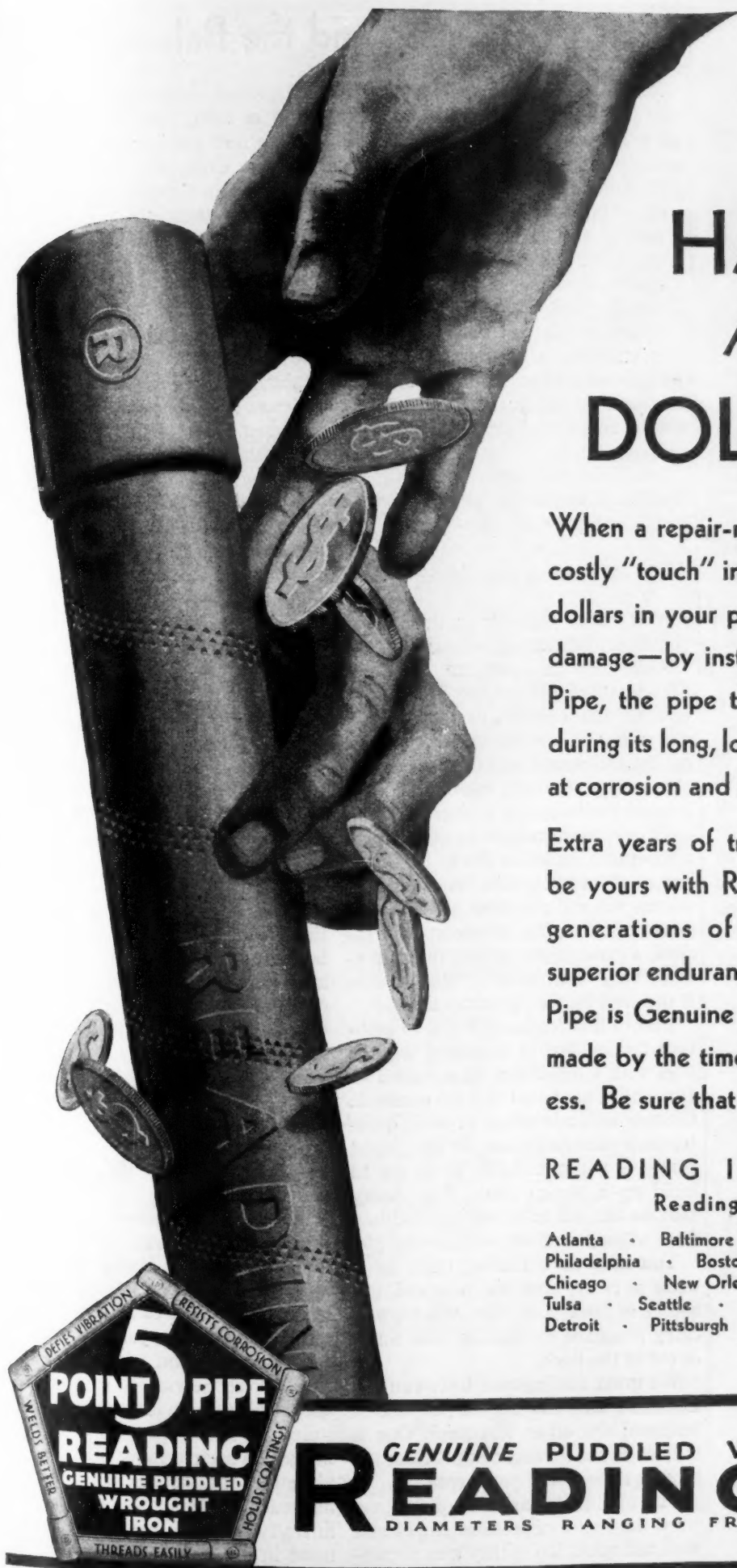
By Harvey Blodgett



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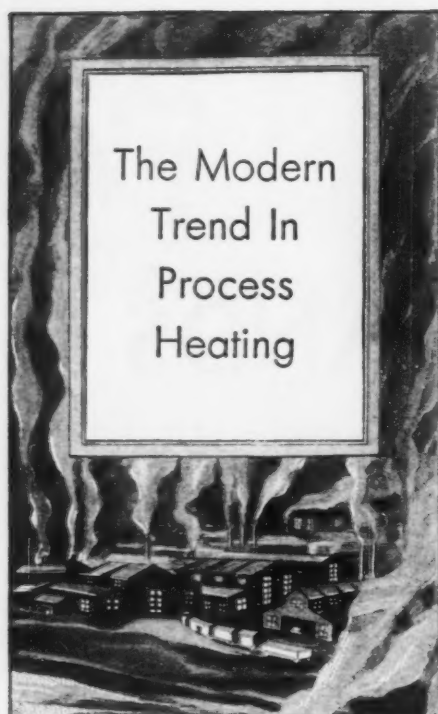
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Ships, Sentiment and the Balance Sheet

(Continued from page 26)

men in the shipping business, as there were men on the ships, who were entirely unfamiliar with the work. Then the bottom fell out of everything. Wages were cut and ships laid up. Business men generally washed their hands of shipping. They had discovered that, like seafaring, it cannot be learned in easy lessons by mail.

If a seafaring man whose family has been entangled in the shipping business for two generations, may offer a remark on financial matters, it is that the public should understand clearly the hazards of shipowning.

Disillusion will surely follow if high-pressure salesmen are turned loose to create artificial excitement

What use are ships?

APART from patriotic sentiment and naval requirements in war time, what service does an American Merchant Marine afford the public? The answer is: none that a foreign flag service cannot render. It is a matter for American capital and American seamen.

Speaking generally, capital does not interest itself strongly in ships. Government assistance cannot be expected to compensate for losses due to inefficient management and unwise financing. Americans will not patronize a line merely because it flies the American flag. Indeed, a cynic might remark that Americans very often select a ship because it does not fly the American flag.

Part of this tendency is due to snobbish fashion but in a general way the lines with a reputation have earned it. It might be suggested that the economic Chinese wall advocated in some quarters as a suitable frontier for the United States is not practicable if we are to build up a foreign trade. The theory that we can sell to everybody and buy from nobody does not work in real life.

You may do a roaring trade for a while in ivory, apes and peacocks, but sooner or later your ships will have to carry mundane necessities both ways, or rot at the dock.

We must distinguish between the *Leviathan* and *Old Ironsides*. One is business; the other sentiment. One is subject to the fiercest competition; the other is a symbol of past heroisms.

The wind-blown argosies of the past rifled the Indies of precious stones and silks and spices. To us they were romantic. But analyze the cargoes of four

ships which arrived at Lisbon from Calcutta in 1580. They had 1,000 tons of pepper and 140 tons of cloves. Mace, nutmegs, cinnamon, ginger, indigo and silk made up the rest of the cargo.

None of these articles was romantic to the importers. These aromatic spices were for preserving food.

The young American's face is turned inland. In time this will change. A personnel will be built up. A tradition of the sea will be created. But the whole problem must be approached in a spirit different from that of the high-pressure salesman.

Legislation might be modified to give the American shipowner an even break. Harbor and customs rules might be brought into the present century. Public and press might cooperate by getting rid of their excess megalomania.

A merchant marine depends on the small and medium-sized freighters. It depends on regular sailings and two-way cargoes. If the Latin American cannot pay for his imports with his coffee and sugar and bananas, he will take his trade to other markets.

American business men often move from one industry to another, with brilliant success in each. It is not so with ships. They demand not only life-long service but continuity from one generation to the next.

Their prosperity depends on international conditions which cannot always be foreseen or controlled. They require large working capital and a highly technical personnel afloat and ashore. And they have to succeed without the aid of sentiment or privilege.

Static and Weather

STATIC, the bane of the radio devotee, is beginning to have a commercial value. Unable to eliminate it, science is putting it to work, in determining weather conditions over vast areas. There is an apparent relationship between static and relative humidity. The Forest Service is experimenting with static as an indicator of developing storms in forest areas. As a warner of hurricanes such as recently struck Florida, static is a valuable aid. The Navy has ordered several static direction and intensity recording machines for placement in the West Indies and along the Atlantic.—JOHN L. COONTZ.



Mural by Arthur Covey. Wood block engraving by Howard McCormick

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What the World of Finance Talks Of

By MERRYLE STANLEY RUKEYSER

AMONG nations apparently the *nouveau riche*—the United States and France—are upsetting the delicate equilibrium of the international gold standard. At least, that is the impression that the observer receives from contacts in Lombard Street, London. In the view of British financiers, the world is being starved of credit because neither the United States nor France, the two greatest depositaries of the precious yellow metal, are allowing their gold hoards to have the traditional effect on international credits.

In the United States, the Federal Reserve, instead of allowing the quantity of gold available to dominate interest rates, has undertaken a magnificent experiment in managed currency. Fearful of inflation at the Stock Exchange, the Federal Reserve has been unwilling to join hands with private exploiters and take full advantage of the immense piles of gold in American bank vaults.

Instead the Federal Reserve has been sterilizing gold. The international consequences of such a policy are vaster than they were when a similar policy was pursued in 1924, because the rest of the world is at present nominally on a gold standard, whereas five years ago Europe was still largely on a paper-money basis. In letting gold go recently, Germany assumed the metal would be most useful in America as an offset to high interest rates. But it found that the departing gold, which further tightened the German money market, did not have a compensating easing effect over here, because of the Federal Reserve policy of immobilizing gold.

The automatic working of the international gold standard, as described in economic textbooks, has been suspended. Spokesmen for the Federal Reserve concede the truth of the indictment, but indicate that the banking policy has been rendered obligatory by extravagance at the Stock Exchange which they describe as an international nuisance.

We're not the sole offenders

♦ THE whole world is a little out of gear. If America has failed to permit incom-

ing gold to ease credit conditions, England has likewise injected artificial elements into the situation and has interfered with the normal tightening of the London money market through gold exports.

Open market rates in London have not risen as sharply as they should have, and thus have failed to stop the outflow of gold. Furthermore, seeking to avoid any discouragement to slowly improving domestic trade, the Bank of England waited almost seven weeks to raise its discount rate to get in line with the August 8 boost in New York.

High interest rates in New York, ascribable to excessive stock speculation and Federal Reserve policy, have virtually closed the American capital market to the rest of the world. Accordingly, for more than a year, New York has not been performing the world banking role which is inherent in the huge accumulation of gold. The world credit pinch has been further intensified because France, the second largest holder of monetary gold, has also been defaulting as an international banker.

With New York and Paris delinquent as international banking centers for spe-

cial reasons, London has felt impelled to carry a larger burden than was justified by its gold position or by the existing post-war economic status of the United Kingdom.

There is a feeling among well-informed bankers on this side that English finance has failed to allow for the cost of the war. England has not yet reached a stage in which it can balance its international payments. The brilliant gesture of getting the pound sterling back to par was costly. It tended to raise the cost of production in England, for, though as a result of deflation, the purchasing power of the pound was raised, the English workingman was reluctant to have the number of pounds in his pay envelope cut down correspondingly.

France had a better grasp on the psychological imponderables. It stabilized its currency at 20 per cent of the pre-war mint parity, and thus facilitated the transition to post-war conditions as they really are.

Germany eased its process of recovery during the inflation period, but in later restoring a 23.8 cent parity, the same as the pre-war mark, brought new psychological difficulties. Some econom-



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AN orphan at six, a real estate clerk at 18, successful New York broker at 30, head of a St. Louis bank at 43—so stairsteps the life of John G. Lonsdale, who, at 51, is the newly elected president of the American Bankers Association. He is also a director of the U. S. Chamber of Commerce



Individual Service to Each Commercial Account

THE ACCOUNT of each commercial customer of this Bank receives the personal attention of officers who are familiar with the requirements of that particular business, wherever it may be located, and whatever territory in the United States or foreign countries it may serve.

These officers, with this Company's widespread sources of information regarding general trade and financial conditions at their command, endeavor to be of assistance to customers in every possible way.

We invite executives to let us prove to their satisfaction how a banking connection with this Company may be an important constructive factor in their organizations.

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ists believe that Germany's readjustment would have been simpler with a twelve-cent mark. The difficulties arise from the tendency of laymen to think in terms of nominal value of currency, rather than in terms of their genuine purchasing power.

Where France's handicap lies

♦ FRANCE'S backwardness in world banking is not ascribable to speculative excesses at home, but rather to the continuance of obsolete tax laws. Statutes, which were intended for the inflation period when France desired to check the export of capital, still obtain, and prevent France from realizing its new destiny as a world money lender.

At the Bank of France, I learned that studies of the tax situation are being made, and that the Bank hopes that Parliament will act on the report which will eventually be formulated by experts, who will seek to remove the artificial barriers to the export of capital. Until these changes are made, Paris will be closed as a source of long-term capital.

The existing French laws, however, do not prevent the French banks from making short-term advances, and in fact the private banks are making loans in Berlin and in New York to take advantage of high interest rates. But the operations are not on a scale commensurate with French resources in gold. Asked concerning this, an official of the Bank of France told me that custom and the conservatism of French banks were the only barriers to greater activity.

A weapon of peculiar powers

♦ IN addition to its huge gold accumulation in its own vault, the Bank of France has balances in New York and London to the amount of \$1,000,000,000. Because of this weapon, the governor of the Bank of France has remarked that he can control any money market in the world except his own.

The reason an exception was made of the Parisian money market is that the home market is largely nominal in character. There is no broad bull market comparable to that existing in other financial centers. With the discount rate at $3\frac{1}{2}$ per cent, the rate on security loans has been about six per cent.

If the necessary legislation can be passed and if Parisian bankers can demonstrate the capacity, Paris is destined to become an outstanding world money center.

That role should be a prerogative of its present huge gold hoard. Moreover, the French are normally a capital-ac-

"But it will take money!"

THE company had been making money. It was growing. But the owners recognized the danger of a too restricted line of products. To branch out wisely and conservatively offered two advantages—larger profits and a stronger position.

Such was the situation when the owners of the business got together. The meeting was called to consider the wisdom of entering a new field with a new group of products.

"I have studied this new line lengthwise and sidewise, and up and down," said the sales manager, "and I have gone over our territory from A to Z. It is an untouched field. It just fits us, and it's sure to be a money-maker. *But, of course, it will take money.*"

"Very well," said the president, "let's have the evidence. If the new line offers all you say, I don't think we'll need to worry about the money to put it over."

The president spoke advisedly. For years he had followed the policy of building up ample reserves. To him, the word "Reserves" could not be defined as a mere accounting entry; it had meaning only when balanced by a corresponding amount of liquid capital, suitably invested, and held apart for the purposes for which the reserves were created. Hence, there was, as he said, no lack of money for any sound purpose.

In connection with the problem of reserves and their investment, we are situated to offer valuable assistance. The opportunity to discuss the needs of individual companies will be welcomed.



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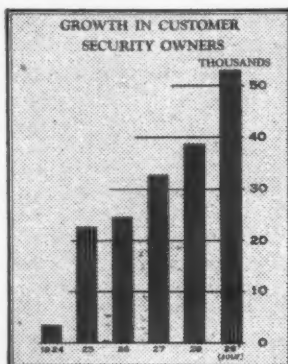
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Selecting Investments

With the steady growth of industry, there has come, through public financing, a plethora of security offerings, so numerous and varied that the investor's problem becomes one of careful selection.

In this situation, it is logical to consult and rely upon experienced financial institutions.

We can recommend specific issues or relieve the investor of the perplexing problem of selection through the recommendation of issues of sound investment trust companies whose chief function, in arranging a portfolio, is to discriminate between the great number of securities now available to the investor.

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MEMBERS: New York, Chicago, Cleveland, Detroit, Philadelphia and Cincinnati Stock Exchanges, Chicago Board of Trade, New York Cotton Exchange and New York Curb Exchange

cumulating people. Unlike the English, who think that gold is intended to be used freely as a basis for credit, the French regard gold as a fetish which should be piled up.

We hold control exchanges

♦ BEFORE the war, the English were able to get along with relatively less gold than other nations.

Under present circumstances, the United States can thrive on relatively less gold than the others, for, as the greatest creditor nation, it always is potentially able to reverse the exchanges at will.

A curtailment of foreign lending, a reduction in tourist expenditures or in remittances abroad are among the means for turning on the faucets of gold, and inducing the metal to flow westward to our shores. But instead of taking advantage of such a status, the Federal Reserve has continued to pursue a restrictive, rather than a liberal, credit policy, keeping its attention centered on the dangers of a runaway speculative stock market.

Federal reserve plays safe

♦ INSTEAD of joining private interests who were exploiting—if not over-exploiting—existing opportunities, the Federal Reserve has sought to sit on the lid. Apart from the credit starvation resulting, there is an element of safety in the Federal Reserve policy, which has stored up an immense reserve of banking strength, which can be called into play when and if economic emergencies arise.

The new double-edged policy of the Federal Reserve Bank of New York, which on August 8 raised the rediscount rate from five to six per cent and at the same time reduced the buying rate on acceptances to $5\frac{1}{8}$ per cent, has resulted in a radical rearrangement of the portfolio of the Federal Reserve Bank. It resulted in an increase in acceptance holdings of the bank and in a corresponding decrease in rediscounts.

That rearrangement has been salutary, for it puts the member banks and the central bank in a better position to reverse their tight-money policy whenever they feel that circumstances warrant. The Federal Reserve Bank would feel less fearful of encouraging speculation through easing the money market by means of open market operations with the discount rate at six per cent instead of five.

Furthermore, with reserve credit supplied to the market through purchases of acceptances rather than through re-



Permanent principles in a changing world

THE four general management investment companies in the American Founders group follow definite principles of conservative investment and broad diversification. They set a high minimum for the number of different investments and a low maximum for the amount invested in any one enterprise, industry or country. They buy both bonds and stocks.

Their portfolios are constantly supervised by American Founders Corporation, whose experience and facilities qualify it to follow every important industry in thirty of the world's security markets.

The policy of the American Founders companies is to acquire sound holdings in this and other stable countries of the world, when prices are comparatively depressed. They readjust these investments as

greater safety and advantage offer.

The four general management companies are not trading, holding or financing companies; in many ways they resemble the British investment trusts, and their only business is the investment and reinvestment of their funds.

There is an active market for the securities of the group. Information and quotations may be obtained from bankers and dealers, or from Founders General Corporation, 50 Pine Street, New York.

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The connection between a business concern and an investment banking house is on a particularly satisfactory basis when the banker is able to handle the whole job of public financing for his client—serving him at various times in various ways. Sometimes the corporation has seasonal requirements for funds which can best be met by commercial paper offerings; other situations may call for short term note, bond, preferred stock, or common stock underwritings. The ability to meet any or all of these requirements makes the banking relationship truly effective.

Whatever the occasion for financing, one of the first questions to be faced is: "What form of security does this situation call for?" A house whose operations embrace the underwriting and distribution of all types of securities is able to approach that question with an open mind, and to offer recommendations uninfluenced by a leaning toward a special field of financing in which its activities may be centered.

For more than thirty-six years A. G. Becker & Co. has been financing representative American business concerns—underwriting and distributing securities in the forms indicated by individual situations. We shall be glad to confer with you about making our experience and facilities helpful to your own business.

Booklet entitled "Sound Corporate Financing," which sketches the service we have rendered a number of well known American Corporations, will be sent upon request.

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discounts, the Federal Reserve Bank is in a position to play an active, rather than a passive role in increasing or curtailing the amount of Federal Reserve credit in use.

This superb technical status of the Reserve Bank, which is in position to ease up credits at will, is of paramount importance at this time when there is evidence that the long continuance of abnormally high interest rates has begun to cut into business prosperity.

In August, exports slumped, and there was some retardation in the construction industry, in steel and in automobiles. A moderation of the business pace, which has been exceptionally rapid, may prove a beneficent influence.

It is nevertheless reassuring to know that the central banking authority can apply a tonic to receding trade when and if it feels that the recession has exceeded necessary and healthy proportions.

Equities are demanded today

♦ THE closing of New York as a world source of capital has been coincidental with the decline of the bond market. Changed investment habits and abnormally high interest rates have caused widespread apathy toward old-fashioned bonds.

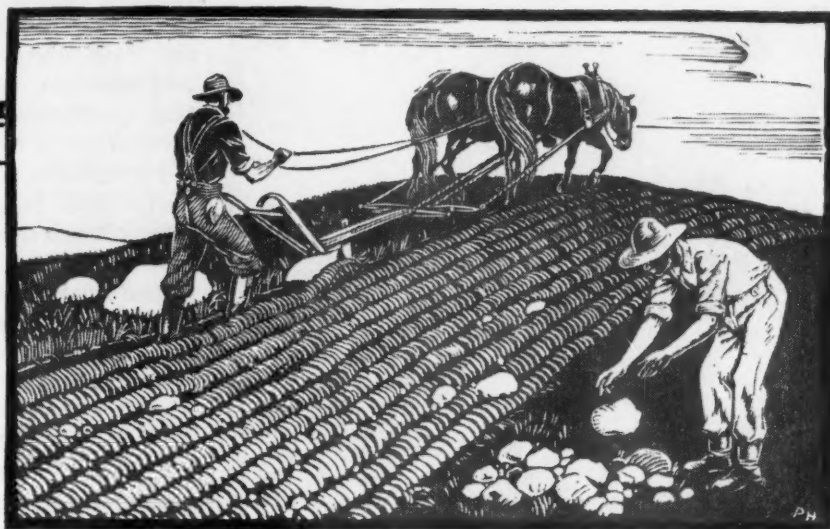
The deterioration of the bond market has caused trouble at home as well as abroad. It constitutes the immediate cause of the setback in the construction industry, and has also caused a virtual deadlock in the Farm Loan System, which has been unable to attract new capital on an economical basis.

In answering the foreign complaint that the New York capital market has been closed, New York financiers insist that it has remained open to those who knew how to tap it. Capital has been wooed in huge quantities by those who offered equities, and some financiers believe that the time has come when foreign enterprises, seeking American capital, will have to offer common stock or its equivalent in the New York market.

Foreign enterprises are reluctant to do this, because of pride and also because of a disinclination to encourage foreign, absentee control of their enterprises.

A magnet for foreign capital

♦ OF course, the balance of international payments has been further upset by the tendency of the bull market in New York to act as a magnet for foreign capital. New York not only showed a creditor position on debts and on ex-



NEW ENGLAND *has always surmounted obstacles—*

THE industrial history of New England is punctuated by a series of migrations. The iron and steel industry, nurtured here, grew up to move away. But New England stuck to its task and new industries came flocking in volume more than sufficient to offset the loss. Again the Pied Piper played to paper and rubber, native Yankee industries, and led a share of them to other sections of the country. Yet in the face of this adversity the value of New England's manufactured products has

grown nearly sixfold during the past forty-five years.

New England is humming at its work today. Of 348 separate industries listed in the last United States census, 217 are located here. And this, the oldest manufacturing center in the country, offers amazing opportunities to new enterprises today.

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*"No bond is
good enough to forget"*

Even the best of bonds are sometimes weakened by unfavorable changes in economic conditions. Certain bonds may be less desirable for you today than they were when purchased, because of changes since in your own personal investment needs. These are reasons why you should check over your holdings occasionally with competent advisors.

At National City offices in over fifty American cities you will find experienced bond men ready to advise you on new investments and on the suitability of your present holdings. They may be able to suggest revisions in your investment list which will improve your security or increase your income without sacrificing any investment quality you really need.



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NATION'S BUSINESS • Washington, D. C.

ports, but, instead of sending out capital in the form of loans, drew in alien capital from financiers in London, Paris, and elsewhere who believed that the best speculative play in stocks was in New York.

For months, the bourses in Paris, Berlin, and London have been dull. Some of the leading English investment trusts made their chief capital appreciation this year in New York. The September reaction in the New York Stock Exchange was connected with heavy profit taking by foreign holders of American shares.

Obviously, such a state of affairs is temporary. We cannot permanently continue to export merchandise, collect our debt, and at the same time import capital.

The financial background emphasizes the need of America's playing the role of world banker, yet the preoccupation of the public with home development and domestic exploitation has tended particularly in the last two years to prevent the American investor from letting his dollars roam far beyond our national boundaries.

Before the war, London was the unchallenged financial center of the world, but its bankers and investors were never diverted by such gigantic domestic opportunities as exist in this country.

Provincially minded, we Americans, rich in gold, have been tending to starve the rest of the world of credit. And the situation has been aggravated because the French for a different set of reasons have done precisely the same.

An English economist's view

♦ HARTLEY WITHERS, the British economist, told me that he thought the Federal Reserve ought to allow its gold hoards to make credit in this country superlatively easy, so long as there is no evidence of an inflationary rise in commodity prices.

"But," I asked, "would not such a cheap-money policy result in the bidding of stock prices to such fantastic levels, that shares would make unsatisfactory collateral for bank loans?"

Mr. Withers replied that it was the job of the member banks to decide how much margin they would require on loans.

Discussing Mr. Withers's viewpoint, an officer of the Federal Reserve System remarked that in his opinion the social and economic consequences of a vast inflation in security prices would be about as disastrous as a great inflation of commodities, such as this country experienced in 1920-21.

Incidentally, Mr. Withers was one of

those who opposed the recent rise in the discount rate of the Bank of England, holding it was futile for London to compete against New York in the matter of rates. He thought it was all right for England to lose some gold, rather than discourage slowly reviving home trade with higher interest rates.

He regretted that the Cunliffe Committee had circulated the dogma that England needed a minimum of 150,000,000 pounds sterling in reserves. At the time of our conversation in London, the reserves had slumped to 138,000,000 pounds, and Mr. Withers said he saw no reason why reserves of 100,000,000 would not be adequate. Asked how much gold England needed, Mr. Withers replied, "That depends on the opinion of the governor of the Bank of England."

Incidentally, in staying under the New York discount rate for nearly two months, London lost a substantial amount of gold. At the Bank of France, amazement was expressed to me over the fact that the Bank of England delayed in raising the rate, and thus encouraged widespread arbitrage operations.

The Bank of England recognized that the earlier 5½ per cent rate was uneconomic, but was reluctant to boost the rate at a time when there was no domestic reason for doing so. But at length international considerations prevailed.

The new trend in securities

• FOR many months, the chief new bond and preferred stock creations in the American market have borne speculative elements, designated to captivate the prevailing public taste. Such issues frequently carried common stock purchase warrants or provisions providing for conversion into common stocks.

So much emphasis has been laid on these speculative features that when a leading investment banking firm called up a correspondent in Philadelphia concerning a new preferred stock issue, the latter inquired about the terms of the warrants, asking nothing at all about the earning power and asset position of the company financed.

It is a matter for philosophical speculation whether the old-fashioned bond market will come back. Economic adversity might of course make the safety of good bonds relatively attractive, and certain institutions, such as the insurance companies and savings banks, which have obligations to meet in dollars rather than in purchasing power, will always inquire for old-line bonds.

But the individual investor, who is less concerned with getting back a fixed

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number of dollars than with establishing a stake in the future of the community for himself, seems impressed with the notion that the bond buyer gets back something less than the full earning power of capital.

Edgar Lawrence Smith, who first formulated in scientific terms the value of common stocks as a long-term investment, still believes that there are times when bonds and cash are preferable to common shares.

High hopes for world banks

♦ THE proposed International Bank, whose statutes experts have gathered in Baden Baden to formulate, will be a formal successor to the informal rapprochement among central banks which was introduced by the late Benjamin Strong, of the Federal Reserve Bank of New York, and Montagu Norman, governor of the Bank of England.

In spite of Secretary Stimson's ruling that the Federal Reserve should not participate in the formation of the Bank for International Settlements, sponsors of the bank still hope that in time the Federal Reserve Bank of New York, like foreign central banks, will see fit to make a deposit in the new institution. Advocates of the bank of the Continent hope to make it far more than a clearing house for reparation payments. They hope to make it an instrument for enlightened international financial cooperation.

The idea has wider potentialities than are commonly realized in this country. The British Treasury, fearing new competition for London, has desired to limit the scope of the bank. It is hoped on the other side that the new bank will start to operate on January 1 in place of the present Reparations Commission, which constitutes an invasion on German sovereignty.

Laborites' success stirs fear

♦ THE dramatic exploits of the British Labor Party are causing some concern in the City (the London financial district), which fears the minority party is doing too well.

“The Labor Party is doing rather too well to suit us,” a member of the London Stock Exchange remarked to me. “It has enormously strengthened its prestige with the people, particularly since Philip Snowden's victory at the Hague. Five years ago, when the Labor Party was in, the attitude of the City was ‘let them make fools of themselves, and the country will soon be sick of them.’ But this time, the Labor Party

is doing so well that, if on the first break with Parliament it should go back to the electorate for a vote of confidence, it would be returned as a majority Government.

“Then, in my opinion, it would be far more dangerous to conservative business than at present as a minority Government. For the Party still advocates a capital levy, and a mere discussion of it, if Labor were a majority party, might result in a loss of business confidence, and in a sizable flight of capital from the country.”

Paris stock yields are scant

♦ STOCKS of late have offered a higher income return in London, Berlin, and Rome than in New York. But in Paris the cash return, varying between one and three per cent, has been most niggardly of all. The shortage of capital in Berlin has resulted in extremely high yields on fixed maturity obligations. Lack of surplus wealth in Italy and the outside feeling that the permanence of the Mussolini dictatorship constituted a special risk have resulted in comparatively high returns on Italian securities.

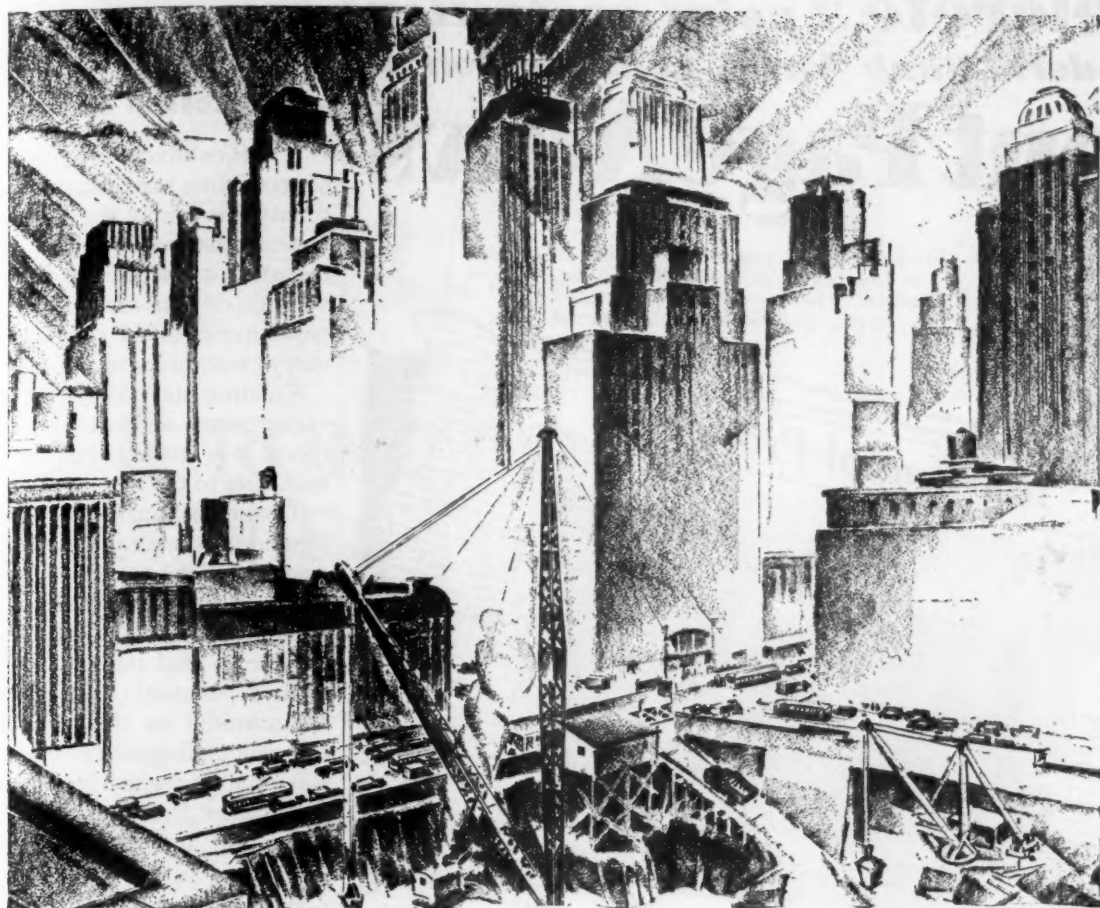
Investors in different countries are actuated by varying philosophies. In England, where many live on their capital, investors are concerned more with dividends than with earnings. Of course, the earning yardstick, which has been receiving increasing attention in the United States, is a more scientific measure of the worth of a stock.

Commenting on the American boom in stocks, a statistician said that it constituted a recognition by the public of Carl Snyder's discovery of the law of secular trend—the doctrine that American business normally grows at the rate of about three per cent a year. A fellow statistician, who was present at the informal conference, remarked, “Snyder drew curves to project the future of business, and the public has been discounting the hereafter.”

The ultimate end of mergers

♦ WILLIAM R. BASSETT, partner of Spencer Trask & Company, thinks the country has just begun to scratch the surface of merger possibilities.

“If you give your imagination free play,” he told me, “you can visualize, though you and I won't live to see it, the realization through mergers of the great unification of economic activity which the Socialists have dreamed of—only it will be accomplished without giving up utilization of the acquisitive instinct of men.”



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Throughout the cities of America new giants of steel and concrete soar skyward. They symbolize the marked trend toward size in modern business, and typify the economic development of our country.

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When writing to THE CONSOLIDATED EXPANDED METAL COMPANIES please mention Nation's Business

What Makes a Successful Executive?

(Continued from page 40)

of accounting must increase because accounting is simply the measurement of business happenings. The accounting department of a business reduces all the various problems and events of the many departments to the common pecuniary unit of measurement.

Exacting and irksome as the system of pecuniary measurement may be at times, it is the only one the mind has been able to devise.

The importance of accounting has increased as the size of business has increased and it has become a paramount factor in the question of business success or failure. The business leader must be able to read reports and to picture men, departments and expense which are mirrored by the tables of dollars and cents. He must possess exactly the sort of ability which enables a military commander from reports and maps to picture the movements of armies.



Sales experience is invaluable to the modern executive

The measurement of the flow of materials into stores and through the process of manufacture and the flow of finished goods through the sales channels must be at the fingertips of the up-to-date business executive, and he must know promptly whether his costs, overheads and profit possibilities are being realized.

I like to picture the manufacturing business as a drama of the moving dollar which is successively captured and released. The drama is explained by a sort of a rough diagram in the shape of a wheel or watch dial.

We will start at the top of the watch



35 STRONG BANKS AND TRUST COMPANIES have already joined Northwest's powerful Banking Institution

ALREADY thirty-five of the leading banks and trust companies in twenty-five cities in Minnesota, Iowa, Wisconsin, Nebraska, South Dakota and North Dakota have announced their affiliation with the Northwest Bancorporation. 7,000 influential men and women living in the Northwest and Middle West have become stockholders and more than 500 leaders in business and finance, living in all parts of the Northwest and Middle West, have been called to the directorate of this powerful banking group and its affiliated institutions.

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| Duluth, Minn. | First and American National Bank | Lead, South Dakota | First National Bank |
| Duluth, Minn. | First National Duluth Company | Minot, North Dakota | First National Bank |
| Omaha, Nebraska | United States National Bank | Moorhead, Minnesota | First National Bank |
| Omaha, Nebraska | United States Trust Company | Owatonna, Minnesota | Security State Bank |
| Omaha, Nebraska | Stock Yards National Bank | Rapid City, South Dakota | First National Bank |
| Omaha, Nebraska | South Omaha Savings Bank | Sioux City, Iowa | Live Stock National Bank |
| Mason City, Iowa | First National Bank | South St. Paul, Minn. | Stock Yards National Bank |
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or at 12 o'clock, with a dollar in cash in the bank. The purchasing department spends this dollar for raw material and imprisons it in "stores" for a week, or a month or longer; it escapes only to find itself in another captivity, locked up in "work in progress" from which unmarketable state it eventually emerges, according to the speed of the system, into the form of "finished goods," which are moved into sales places.

But the dollar is still a dollar; and the objective of the business is not attained until it is finally liberated by sales and thereby becomes "accounts receivable," worth, if the business leader is a successful merchant, a little more than a dollar; or if he is extremely successful, it may become a dollar and a half on the books. Finally it is collected and again is in the form of cash in the bank, a dollar—plus the gross profit made.

Speed makes more profit

THAT is the quick asset wheel or the drama of the moving dollar. The system employed by each manufacturer and the ability of his men will determine how fast the wheel turns. The faster it can be turned, the greater the turnover of working capital, the more the profits and the less the inventory.

Speaking of speed it should be obvious (but many won't see it) that speedy action by men and systems, as contrasted with easy going and deliberative practice, will increase output and profits. The man who acts quickly and works fast is infinitely more valuable than the deliberator who makes up his mind slowly and usually moves slowly in action.

The dollar spent for fixed assets such as plants and real estate drops out of quick assets—can never serve there again—and remains forever in captivity. Therefore, the only justifications for ever moving a quick asset dollar into fixed assets are to provide increased productive capacity or sales facilities, or increased profits through economies.

This drama of the moving dollar is not written by playwrights nor is it told in words. It is composed by the accountant and is expressed in figures.

The mind of the business leader must be able at any given moment to interpret every detail of this accounting picture.

No matter whether a man hopes to be a financial executive, a sales executive or a production executive, this ability to understand financial and operating reports on a broad scale is essential to really effective industrial leadership.

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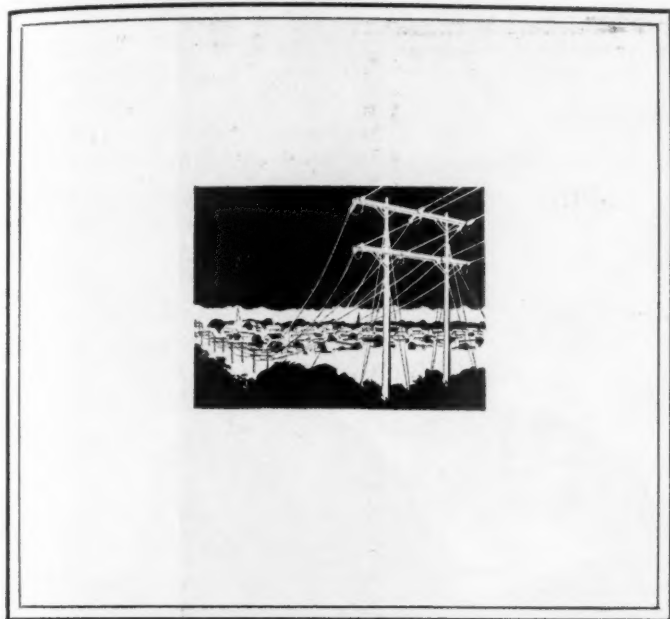
by JOHN SPARGO

A former Socialist leader tells why he
discarded his Socialistic theory in favor
of Capitalism.

This article appeared in NATION'S
BUSINESS early in 1928. It has been re-
printed in booklet form for the convenience of readers.

100 copies, \$4.00
Single copy, five cents

NATION'S BUSINESS, Washington, D. C.



The strategic position of the small town in American industrial development is fully discussed in the booklet, "America's New Frontier," which the Middle West Utilities Company (72 West Adams Street, Chicago, Illinois) will send upon request.

Move what is **CHEAPEST to move**

FACTORIES now seek the open spaces for the same reason that they once huddled in great cities.

Business was not massed because business men loved the city. Nor are industries leaving the cities today for love of green pastures. They simply seek the location where they can most effectively produce what the consumer will buy.

Since men, raw materials and power must be assembled, factory location becomes a question of which is the cheapest to move. If raw materials are moved too far, freight charges unduly swell the price. If men are moved to the plant, their food and gear must also be massed there. That adds to costs.

Once power could not be moved. It had to be used where it was generated. Then the steam engine massed men about the factory chimneys of great cities. It also spun a web of iron rails out to virgin soil and new found coal beds. Men and materials were moved to the power. To the great collection of machinery the rails brought raw materials

and fuel and sent back finished goods. The capacity to turn out goods was increased, but much of the advantage was lost in the greater amount of transportation and distribution services made necessary by the widening gap between men and the soil, between the engine and its fuel.

But when steam power was changed into electricity, power became mobile.

The construction of widespread electric transmission systems made possible the universal movement of power to virtually every point on the map, giving the small town a quality of power supply hitherto the exclusive possession of the big city. Manufacture, so far as its power requirements are concerned, can take place anywhere, for power can be readily delivered to any point. We move what is most cheaply moved: the economical and facile movement of power more and more replaces the expensive and complicated movement of raw materials.

Provision of power supply to small communities on a scale equivalent to the service available in the great metropolitan centers is the achievement and responsibility of the Middle West Utilities System, a group of electric companies furnishing service to more than four thousand communities located in twenty-nine states.

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"Quietized" private office of Colonel Leonard P. Ayres, nationally-known business economist, and vice-president, The Cleveland Trust Company.

MEN of affairs often take their knotty problems home at night. They do so unwillingly; but they are forced to, in order to think things through. In other words, they bring their work to a place where it is Quiet.

Many business leaders, however, wisely reverse this method. They bring Quiet to the place where they work. Realizing the dollars-and-cents value of concentration, they make concentration possible to themselves *during the day*—by eliminating the needless noise that infests their offices.

These business men are *beginning* with the installation of carpets, which deaden,

blotter-like, the distracting, nerve-racking sounds that come from within and without.

You are the captain of your business day. You can make it what you will. How long will you submit to being "bullied" by office noise? How long will you put off quietizing your office?

There is a Mohawk dealer near you. Call him in. Let him quote you prices and show you samples of Mohawk carpetings. You can choose among them just the fabric you want, at the price you want to pay, and so assure yourself, in your office, of beauty, warmth, comfort—and endless, productive Quiet.

MOHAWK RUGS & CARPETS



We might remember that every road goes in two directions

A Young Man Looks at Business

By DARWIN L. TEILHET

ILLUSTRATIONS BY THE AUTHOR

MOST young men in business, from what I have seen, have a firm private belief that most older men are hidebound conservatives and, because they have succeeded, are haughty, sometimes patronizing, and entirely impossible to understand. Many older men have expressed themselves, often and early, in conversations and in print, about the younger business generation. They will tell you that the young man doesn't know how to work, that he is unstable, pampered, and used to having things given him on the proverbial silver platter.

This establishes an unfortunate gap between different generations. Perhaps you employ younger men. Perhaps you have wondered sometimes what they actually think of you and your generation. Perhaps you wonder more often how well these same young men will manage your business after you have

retired and placed your life's work in their hands.

As long as the two generations look at each other across a wall of mutual misunderstanding and doubt there is mistrust on one side and lack of sympathy on the other. These walls vanish as soon as one man takes the courage to establish an intimate personal contact with the other.

An old man too youthful

AN EXECUTIVE of an American firm in Berlin, who was considered by every younger member as a haughty and ultra conservative old gentleman, gave me a completely new opinion of himself after I had taken an extended trip with him down the Rhine. I discovered that his haughtiness was nothing but a thin cloak of shyness, and that in the last year he had reorganized his business along such modern American lines that

three of his younger executives had resigned in horror. He proved an interesting and fascinating leader, and I am sure I did ten times as much work for him after I knew him and what he wanted as I did before.

A father told me privately that he had found it impossible to meet his son on common ground after the latter's absence of four years at college, and that he thought the whole blankety blank younger generation was going straight to perdition as fast as it could go with high-speed automobiles and airplanes. He put his son to work in his factory in disgust and now, ten years afterwards, the father plays golf every afternoon and allows the son full charge of the business. He is convinced that his son is a most remarkable young man. His son had talent, but it was the father who nursed it and brought it out.

In this modern age of extremely hard and fast competition many organiza-

tions allow themselves to slip into an impersonalized attitude toward their employes that is unconsciously resented by the younger men.

A friend of mine quit his position as assistant sales manager of a large washing-machine factory two years ago, when he was ten years out of college, and started learning a profession. He said, "Our business was so interested in actual results that no one had time to train me for anything ahead. I was supposed to have an executive position, but actually I was bound hand and foot by red tape to my immediate superior. It took me ten years to learn what I could have learned in five with a little attention—I decided to get out before I was too old, so I quit." The business lost an investment of ten years, the man lost an admirable position.

Easy to hurt morale

AN OLD and established business may grow careless of employe morale. Men are brought in from the outside to fill positions, without any attempts at explanations. This is always disturbing to the young man who has grown up with the business and who has envisaged himself as a possible applicant for promotion.

The executive in charge of the department becomes engrossed in the material success of his department. He forgets that there are ambitious younger men under him. Most young men worth anything are inordinately ambitious. A good executive will capitalize this young ambition for the benefit of his department. Another can cause a rumbling, unseen internal friction and drive all the able future executives away, a happening that could seriously cripple the entire organization ten years later.

Another acquaintance of mine once explained, "The only training I had was what I dug out for myself. Every one ahead of me was too busy making the business pay dividends. As a result my training was extremely haphazard. My time—which I felt was just as important to the company as anyone else's—was wasted. I had to learn what I did through experience, and I committed many errors in learning that could have been prevented by systematic teaching and training.

My department chief left and was confident I could fill his place; they pulled in a fellow older than I from the outside—so I left!"

Some of the most progressive organizations are taking cognizance of the fact that their future success depends as much upon the younger men as upon any other factor. One eminently successful manager told a group of young men, "I will not have to worry about the future of my organization ten years from now, because I am shaping the future right now."

He paused for emphasis. He was a real speaker as well as a good manager and had the crowd with him from the start, "I am deliberately using my time to train the men under me, and by that means I know that I won't have to worry about what they are going to do when I have retired."

Little wonder that he built up a ten-million-dollar aluminum utensil business in as many years!

Many of us wonder why the orderly and systematic search for knowledge conducted in the greater universities and graduate business colleges cannot be successfully imitated in modern business. In future years the man of the younger generation certainly will experiment in speeding up the instruction of the men following them.

In the system such as we younger men envisage, the personnel department

will be greatly enlarged, its scope increased. Instead of recruiting in an almost haphazard manner, all personnel departments will follow the present tactics of such pioneering firms as General Electric and the American Telephone Company. These firms pick their men wisely and then train them systematically, weeding out the incompetents from the beginning.

The change is growing

RESEARCH organizations have been compelled to follow this procedure because of the necessity of accurate and careful work. Business as it is organized today still follows the older and more wasteful plan through inertia, but already increasing competition is slowly forcing recognition of a need for change.

In Germany, young men apply for business positions with their doctor's diplomas in their hands. This may be an unscientific substitute for a system of supervised business training, but even so the German method is showing remarkable results.

The previous generations did not need as much schooling as we did because they were experiencing new and unknown conditions that forced them to carve out their own educations. At present, business is attracting more and more men who have had some opportunity to absorb the benefits of an

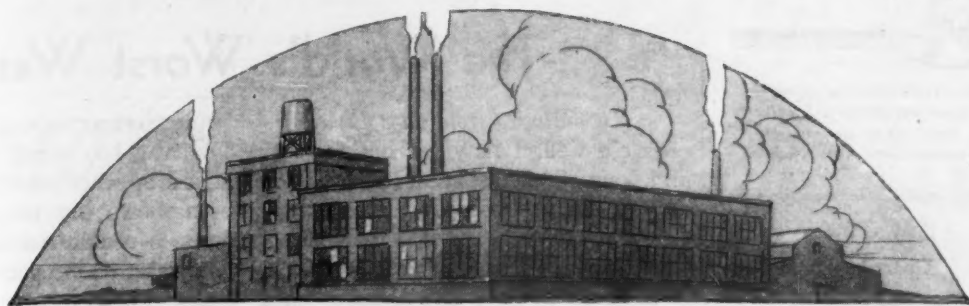
admittedly rudimentary and pioneering attempt to supersede personal experience, the teaching of the results of the experience of others.

In many lines the present antiquated system shows signs of slowly breaking down.

If a man must take 20 years to learn what he ought to learn in ten years, then ten years are wasted, and business as a whole and the organization he is in loses just as much as the man does. That is the heart and soul of the ferment motivating the younger men of today. They believe they will be ready to do the work of the men ahead of them more quickly and make those men free sooner if the men ahead will only give them a little more of their time—and let the younger men give the business more of theirs. They want the opportunity to prove their conviction.



A little time in training the youngsters will save a lot of worry in future years



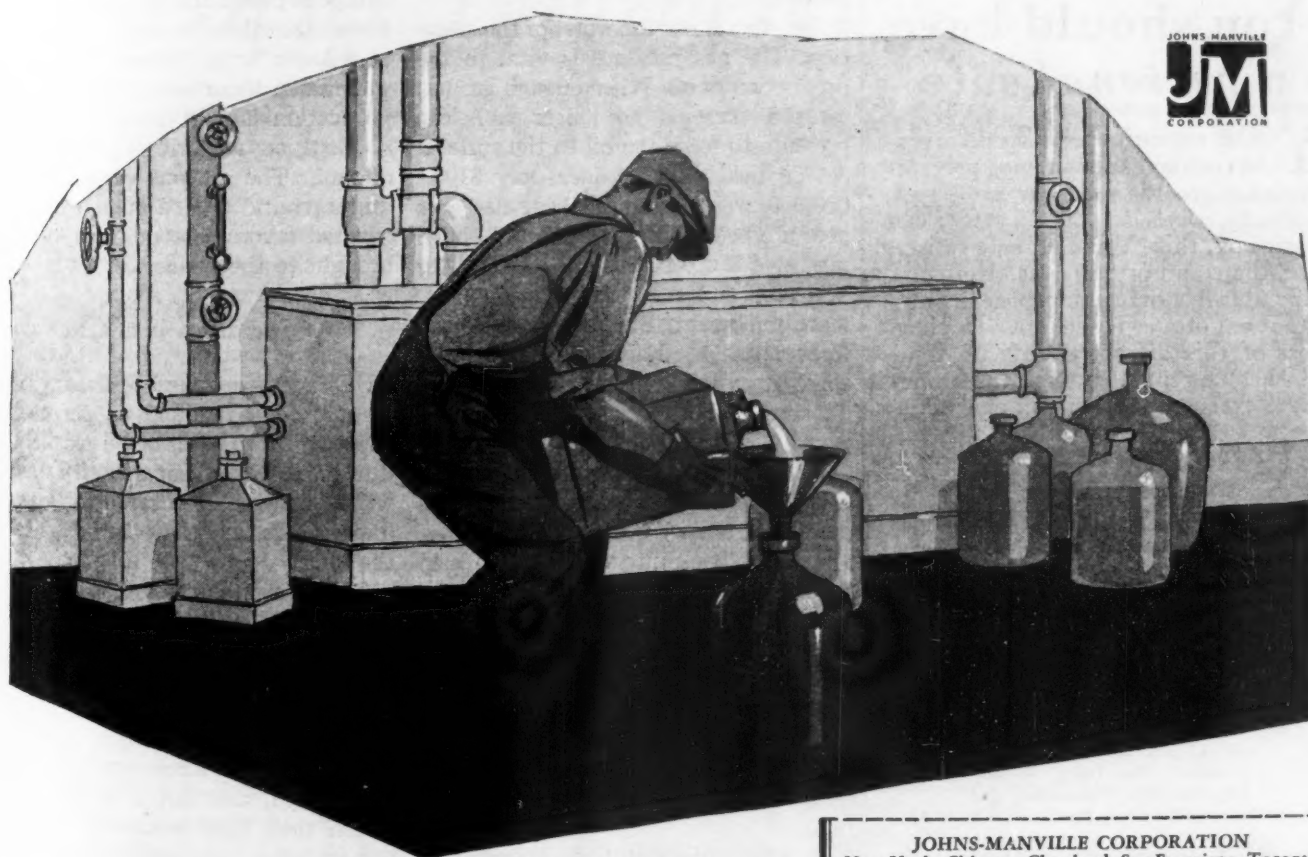
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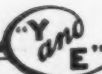
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The World's Worst Waste

(Continued from page 42)

I sink a well, I may get both my oil and yours. This fact may lead you and me to a wasteful competition in sinking wells.

Oil is largely a self-mining mineral. It is likely to have gas pressure back of it, which forces it out when a well reaches it. Gas, in fact, always occurs in conjunction with oil.

This gas also has a value. The housewife can use it to light the pantry or cook the eggs.

Gas, too, is a costly waste

COUNTLESS millions of dollars' worth of this gas have been lost and are still being lost through allowing it to go off into the air. Three oil fields near Los Angeles, it has been shown, have wasted enough gas in two years to have supplied that city for a quarter of a century. The gas waste in California is as great as though 25,000 tons of coal daily were bought, paid for, piled up and uselessly burned.

Yet, this is not the worst of the situation. The gas pressure is vital to the production of oil. When enough gas has escaped there is no longer sufficient pressure to force the oil to the surface. An oil field may produce only \$100,000,000 worth of oil, when, had gas pressure been conserved, it would have produced \$200,000,000 or \$300,000,000. The profit is lost to the producers, but, more important, that additional oil is forever lost to the public. It may lie there inaccessible in the sand when an oil shortage has descended upon the world.

Yet, it is possible to capture most of this gas as it emerges, extract certain gasoline from it, use it commercially, or force it back into the earth to help maintain the necessary pressure.

It has been shown that, from a single oil field, 100 billion cubic feet of gas equal in value to five and a half million tons of coal were lost. Frequently not more than 35 per cent of the oil is recovered from a field and sometimes, it is said, the percentage is not more than ten.

In California agitation against this loss of gas has been going on for years. Still, of 1,400 million feet of gas produced daily, only 700 million feet are used, and but 18 million feet returned to the ground to maintain pressure.

However, the California Conservation Law which went into effect in Sep-

tember is expected to bring improvement. Drilling too many wells on a given area is another wasteful practice. It has been shown that one well to ten or 20 acres is usually sufficient for the economical development of a field. Frequently, however, ten or more wells are drilled on a single acre. A hundred wells might be put down where one would have been enough and both gas and oil wasted from every well.

The Santa Fe Springs Field, near Los Angeles, is an example of this sort of drilling. This is a highly developed area. Everybody that had a bit of land put down as many wells as he could as quickly as possible. Since his neighbor was doing the same thing, it was necessary that he should. In this field alone it is estimated that \$250,000,000 has been spent in drilling unnecessary wells. This money has either been unnecessarily lost to the operators, or the cost transferred to the consumer.

In this same area another type of folly was demonstrated. After the field had been producing for years it became known that there were oil-bearing sands at a lower level. When this discovery was made, there was already an overproduction of oil in this area. There was no occasion for bringing in new production. The oil was carefully stored underground where it might have awaited favorable conditions for being brought to the surface.

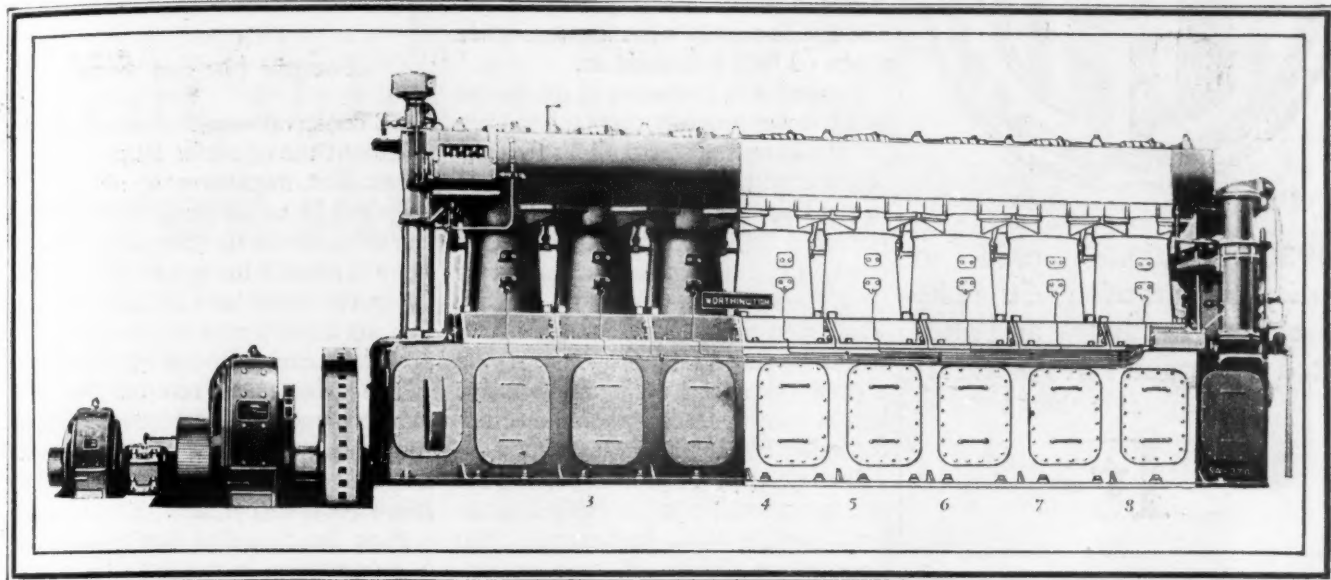
Cooperation is a scarcity

THE landowners and operators in the district conferred and 85 per cent of them agreed to await better market conditions. A 15 per cent minority was unwilling to wait. It began drilling to the lower sands and the others had to do the same.

Thus, despite adequate knowledge of what should be done, a great excess of wells was sunk and the oil from the lower levels brought to the surface when it was not needed. The operators spent money they should not have spent, exhausted a resource when it was not needed, and got a much smaller return than they would have if they had waited.

This sort of procedure is called town-lot drilling. It brings all the oil of a field on the market quickly, almost at the same time. It is likely to make storage above ground necessary, which immediately adds 50 cents to the cost of a barrel of oil. It cannot take care of

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the gas produced. It is wrong in every way. It is typical of this industry, which, despite its enormous size, is practically without cooperative organization.

A business is indeed in a poor plight when the finding of new sources of supply, a blessing under proper conditions, causes a whole industry to shudder. Yet this is exactly what happens when a new oil field is brought in.

I once sat in a meeting of oil men at which it was seriously proposed to burn 500,000 barrels of stored oil for the sake of the condition of the market. I have in my files a letter refusing to buy oil produced at Spindletop, on the Texas coast, at five cents a barrel. Some years later, however, the Southern Pacific, which runs past this once famous field, was importing Mexican oil and paying a good price for it. There was tragic loss in both these cases because of uncontrolled and useless production.

Instinctively, the producer wants the greatest amount of oil he can get in the least possible time. Instinctively, the Government thinks of conservation. These two viewpoints seem diametrically opposed to each other. Properly analyzed, however, they are not.

The individual would not want to produce unwisely were it not for the fear that his neighbor will get the lion's share of the oil. If one landholder in a field drills, the others are forced to do likewise. If all the landholders operated as a unit, the maximum of returns might be procured. This would be to the advantage of all. Everybody would get a better return. The field could be scientifically developed and the production might be brought in when the market is favorable.

Salt Creek was well managed

THERE are plenty of examples of this sort of development. Salt Creek field, in Wyoming, for instance, is controlled by a few producers who agreed, years ago, on unit operation. They measured the production capacity of each well. When the market and pipeline capacity made it necessary, they allocated 20 per cent, 50 per cent, 60 per cent, production to these wells.

The same sort of thing has been done at other places. Near those fields about Los Angeles where town-lot development has run riot, are others, scientifically drilled, where production is dependent upon the market. There is no lack of examples of the proper handling of fields. Methods are well known. The trouble is practically always caused by willful minorities.

The life of an oil field is short. In the past, half the field's production has come in the first four or five years. The other half might come over a decade or generation with an ever decreasing output. Three per cent of the wells, the big ones, produce 50 per cent of the oil—while 300,000 wells produce the other 50 per cent.

For use but not waste

THE conservationists do not object to abundant use of oil for all proper purposes. But, regardless of abundance, there can be no excuse for waste. There can be no excuse for producing oil when there is already too much. Only a foolish grocer would keep pouring molasses in a jug already running over. But this is exactly what the oil people are doing.

The Government sees all this. The industry sees it. The states see it. Even the majority of individual oil men see it. But nobody dares stop lest the other fellow get ahead of him.

Now the President has inaugurated a conservation movement. He wants the industry, the oil-producing states and the Federal Government to get together in a scheme to stop waste. They all want to get together. They do not know how. There must be concerted action between owners within a single field, between fields, between states. Bringing this about is the problem.

One meeting, that at Colorado Springs, looking to this end, has been held. It was a preliminary conference to which everybody who desired could come and everybody was given an opportunity to speak. The delegates appointed by the various governors undoubtedly left Colorado Springs with the impression that there was a real problem and an attempt is now being made to find a practical method of dealing with it.

How can a state bring about unit operation of a field? How can it prevent production when there is already too much oil above ground? How can it prevent wasteful operations? How can the situation be controlled so that one state can cut down its production without giving another state an advantage? How can cut-throat competition be stopped between localities? How can oil which is fit for such refined services as propelling limousines or airplanes be withheld from performing the work of coal?

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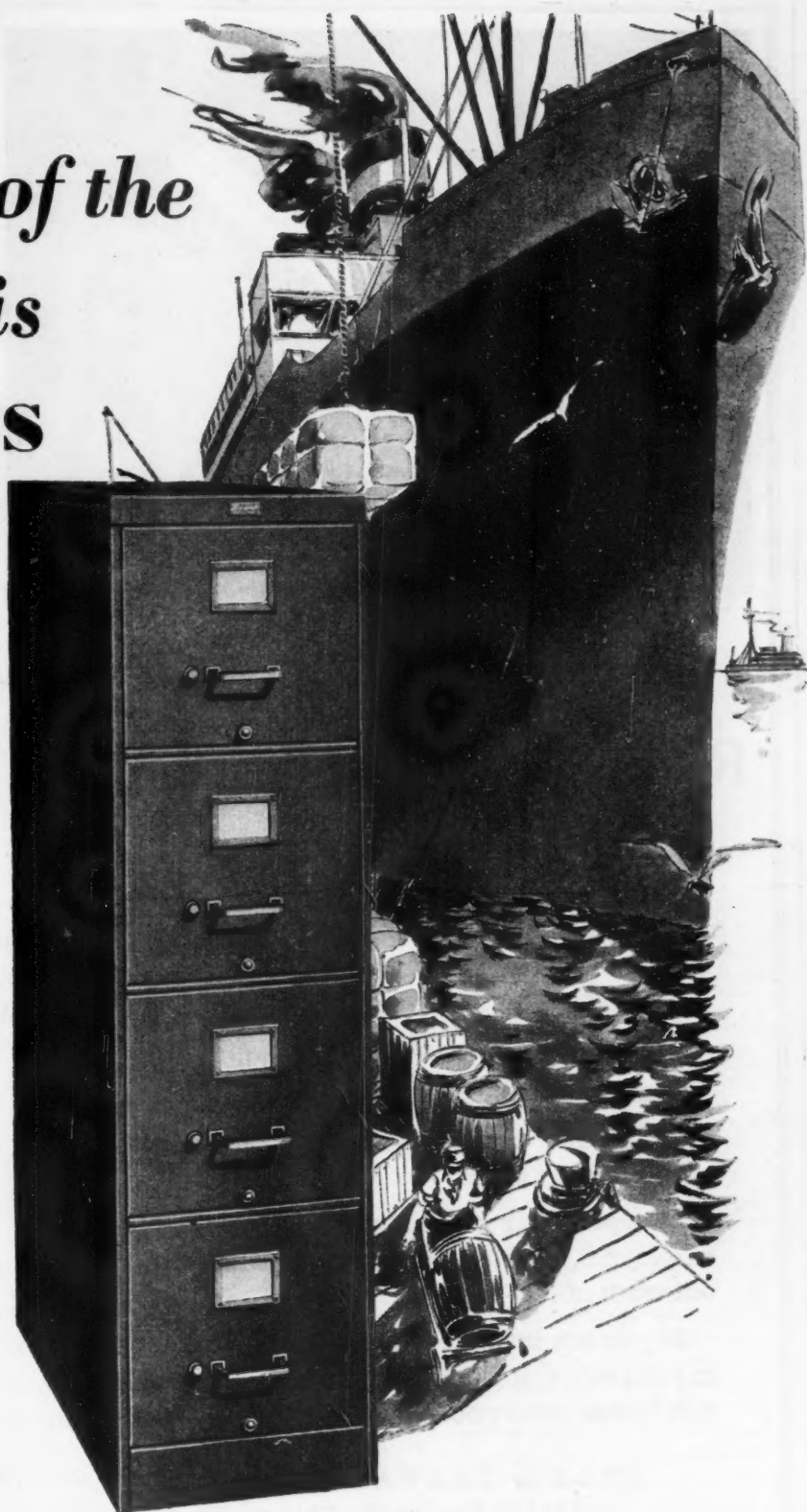
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1712 N. Paulina St., Chicago, Ill.

CONTROLLED-KEY
Comptometer
REGISTERED TRADE MARK
ADDING AND CALCULATING MACHINE

*If not made by Felt & Tarrant it's not a Comptometer
Only the Comptometer has the Controlled-key safeguard*

for our nearly 30 million automobiles and use 250 million barrels less crude oil every year.

Some contend that the production of crude oil can be left to the simple operation of the law of supply and demand. They forget that price will not restore exhausted oil fields. Others contend that simple agreements between the producers will solve the problem. But what if willful individuals refuse to enter agreements? The recent failure of such a plan in California indicates the hopelessness of voluntary effort.

There are many interests at issue. There is the landowner; there is the royaltyowner; there is the leaseowner and the various contracts based on these ownerships.

Unanimous agreement is needed

THE problem is to draw up an agreement that all three classes will approve and observe. The migratory character of petroleum makes it necessary for adjoining property to produce or lose some portion of the oil underlying it. For this reason practically 100 per cent agreement to a curtailment program is necessary.

A striking demonstration of the possibility of writing such an agreement has just been made. A year ago the stupendously rich Kettleman Hills oil field was found in California. Some of the land in it was government land. Secretary Wilbur of the Department of the Interior, insisted that, in an absence of a need for the oil, it should not be produced. The Government, however, had no authority to hold up the production. Despite this, after months of conference the various interested parties were brought to sign an agreement not to produce for a year and a half, and in the meantime, to study the possibilities of cooperative development and operation of this field so that the maximum returns could be obtained from it. Kettleman Hills, it would appear, is to become a demonstration of the proper handling of a great oil field.

This was accomplished through persuasion. It brings up the vital question of how the minority percentage—for it is undoubtedly a minority—can be made to conform to what is undoubtedly in the public interest.

If such a power existed equally in all the interested states and was used when the industry itself asked its use, it would provide a proper method of regulating the production of crude oil and a proper opportunity to conserve for the interests of the nation and the people this mineral so much a part of our national life.

Why all the waste in Crating ?



THE principle of "Cut-to-Size" crates backed by the Weyerhaeuser laboratory method is effecting large savings for many manufacturers in lumber, labor, space, freight and damage claims.

PERHAPS there appears to be no crating waste in your plant. But "waste" is a relative term. New methods—new processes—new materials, make old standards wasteful. Until your crating methods have been scientifically analyzed by crating specialists you cannot be *sure* that there are no crating wastes.

The greatest lumber producing organization in the world has developed a Laboratory Method of Crating Analysis and Design which is ferreting out crating wastes for manufacturers—waste in lumber, in freight charges, in space, in man-power, in equipment inventory, in damaged shipment claims. And stopping them by the use of scientifically designed crates, made of light weight crating lumber, cut-to-size and bundled ready for immediate assembly, or nailed into sections as the need may be.

If your products are *standardized* it will pay you to have your crates analyzed by the Weyerhaeuser Laboratory Method. The service costs you nothing and does not obligate you in any way.

WEYERHAEUSER FOREST PRODUCTS

FABRICATED WOOD PARTS

Weyerhaeuser Forest Products has now entered upon still another phase in the program of broadening its service to industry. By contract fabrication at the mills of Wood Parts for later assembly into finished products it makes available the savings effected through large scale specialist manufacture. Your inquiry is invited.

THE WEYERHAEUSER LABORATORY METHOD

What It Is

- 1st** A qualified Weyerhaeuser representative calls, sizes up any opportunities there may be for saving you money and makes the necessary arrangements for a scientific laboratory study of your packing needs.
- 2nd** A sample of your product is shipped to the Weyerhaeuser Laboratory in Cloquet, Minn., in your present crate.
- 3rd** Weyerhaeuser Crating Engineers study your crate from the standpoint of any improvements that can be made—in efficiency, appearance, amount of lumber consumed, freight saving through the use of lighter weight woods, less labor cost, greater ease or speed of assembly in the packing room.
- 4th** A new crate is designed, built and tested in the laboratory.
- 5th** The most economical and efficient kind, thickness and width of lumber is determined.
- 6th** The most efficient order of assembly of the various members and sections is determined, also the correct method of nailing, the correct size of nails, and the best method of packing the merchandise into the crate for safe delivery to destination.
- 7th** Your sample product is shipped back to you in the new crate—an *actual shipping test*. (Additional shipping tests are arranged for if necessary.)
- 8th** Weyerhaeuser submits to you a detailed proposition for the furnishing of your crates, cut-to-size, and carried to *any desired stage of fabrication* that seems most practical and economical from your standpoint.

What It Does

The Weyerhaeuser Laboratory Method of crate design stops the wastes in crating:

- 1st** It saves in freight bills both by scientific design, eliminating excess members, and by the application of *strong light weight woods*.
- 2nd** By furnishing your crates, made up in sections, or cut-to-size, neatly bundled and ready for assembly, it frees factory floor space for profitable manufacturing operations.
- 3rd** It reduces to a minimum or eliminates investment in crating equipment.
- 4th** It lowers overhead costs by cutting "no profit" shipping room operations to a minimum.
- 5th** It reduces "bad condition" claims—by proper crate design as well as by assurance that only good lumber is used.
- 6th** It lowers your freight bills on lumber. You pay no freight on waste.

BACK of the Weyerhaeuser Laboratory Method—making it of sound practical use to industry—are all the Weyerhaeuser knowledge of lumber, expert crating experience and all the Weyerhaeuser resources in fine light weight woods and manufacturing and fabricating facilities. Even if non-standardization of your product—and consequently of your crating requirements—makes the use of Cut-to-Size Crates impracticable, you will find that the use of Weyerhaeuser Light Weight Crating Lumber brings decided economies. We shall be glad to study your requirements by the Laboratory Method and make recommendations.



Crating Division

WEYERHAEUSER SALES COMPANY

307 N. Michigan Avenue
Chicago, Illinois

Simplifying Hardware Selling

By GEORGE E. HALL

President, Hall Hardware Company, Minneapolis

ABOUT 20 hardware retailers attended the meeting. The discussion grew heated. All were in accord in denouncing the new form of competition. They agreed that something had to be done quickly to prevent the independent dealer from being driven out of business. A retailer from a prosperous Minnesota town summed up the discussion by declaring:

"Our big competitors are taking a lot of profitable business away from us. They're draining the lifeblood from our business, because they're way underselling us. They're able to get much lower prices because they place big orders and buy direct. To get our business back we've got to meet their prices, and we can't do it as long as we buy individually from jobbers. So we must get together, pool our orders, and go direct to the manufacturers and demand their lowest prices."

This meeting, though quite in the modern fashion, was held more than 16 years ago. That fact serves to remind us that the menace of mass distribution is not new.

Sixteen years ago the hardware man was not only worried over the growing competition of the mail-order houses, but was concerned because department stores were opening hardware departments. A great many retailers were convinced that their problem would be solved if they could buy their goods cheaply enough.

"Cheap buying" was the cry

A COOPERATIVE buying association resulted from the meeting; but it was not successful. Manufacturers were skeptical. Wholesalers naturally opposed the



SIXTEEN years ago "the new competition" worried hardware merchants. New competition is still the cry but some merchants are no longer worried

movement. After about a year, the organizers decided that they must have a warehouse and operate their association as a wholesale business.

This experience was taken into account in the formation of the Hall Hardware Company. After 15 years our business has grown to a volume of more than \$4,000,000 which we obtained last year at an overhead and distribution cost of slightly less than nine per cent. This expense increased a little last year because of building operations, but we expect to reduce it to eight and a half per cent for 1929—the average of our overhead and distribution expense for the last five years.

Since we organized we have progressed from a thousand square feet in a storage warehouse building to a large new structure equipped with every modern facility, including our own convention hall.

500 stockholders

THE building is owned almost entirely by our 500 stockholders; it has been enlarged several times and is now one of the largest modern buildings in the Minneapolis wholesale district.

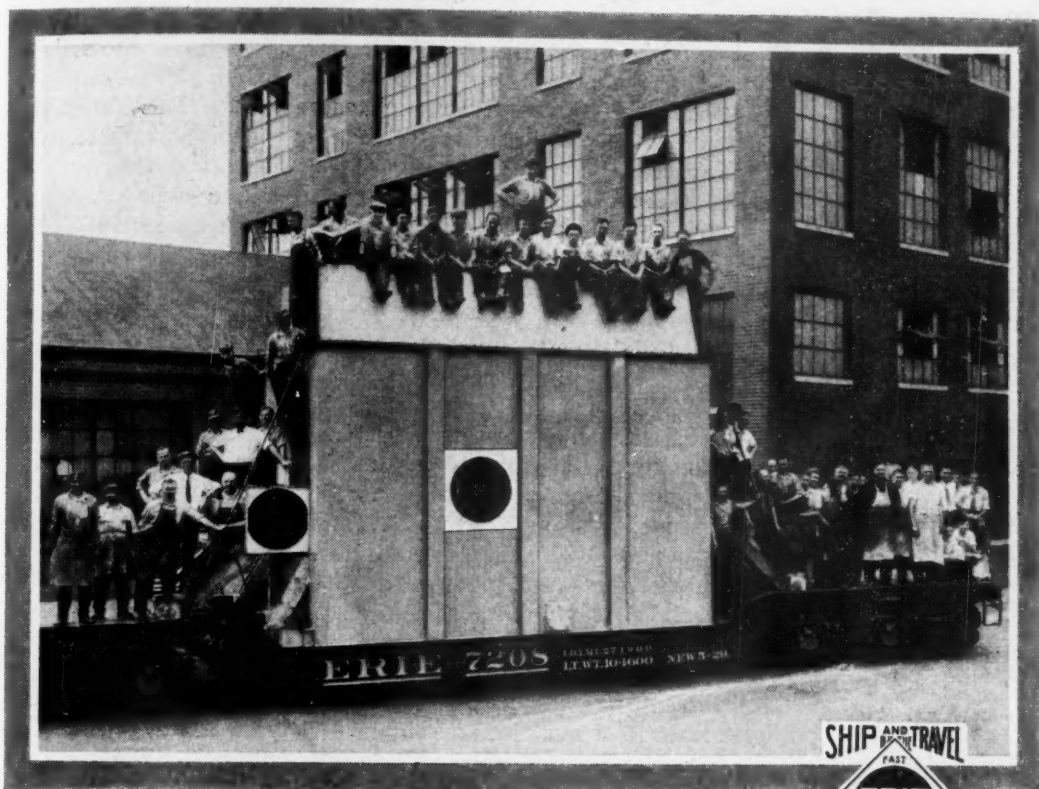
Our actual progress, however, is marked by the success of our stockholders. We have but one, a retail hardware dealer, in each of the towns within the economic trading area of Minneapolis, and we sell him exclusively in his town. Each stockholder owns \$500 worth of our common stock and he cannot own more nor less. When he joins our organization, he gives the com-

pany an option on his stock, agreeing to sell it to us at the book value should he leave the organization.

Our financial plan is simple. The 20 organizers of the company pledged themselves to supply \$100,000 for working capital and we had somewhat less the first year.

We adopted the policy of paying our surplus profits by issuing preferred stock to be redeemed in order of issue as our capital increased to meet our requirements. We sell our goods at a margin and give our stockholders the advantage of our savings in expense.

We have reduced by more than 50 per cent the average cost of distributing



The heaviest carload of its kind ever carried in America

A little hefty haulin' on the Heavy Duty Road

A MANUFACTURER of electrical equipment recently came to the Erie with the problem of transporting four transformers and their auxiliary equipment,

"All right," said the Erie men. The necessary cars were provided, the shipment was loaded and carried safely to its destination.

Each transformer weighed 270,000 pounds, the heaviest load of its kind ever carried on a railroad car in America. To make the clearances, "well-type" cars had to be used, but Erie had the equipment.

This was a large contract, but Erie took it in its stride. Although your shipping problems may be of another nature, we can easily tell you their answer—Ask the Erie.

ERIE RAILROAD SYSTEM

Route of The Erie Limited

ON YOUR WAY TO FLORIDA...

RESOLVE TO SEE THIS RICH REGION

UNTIL you know these "key" cities, you cannot possibly have any idea of the remarkable development that has made Piedmont Carolinas such a vital competing element in many industries.

- 1 See Greensboro, one of the most progressive cities in the country, remarkable for its thriving commercial, industrial, banking, insurance and mercantile interests.
- 2 Take a side trip to Winston-Salem, where the quiet dignity of an old Colonial settlement joins hands with wide-spread textile and tobacco manufacture.
- 3 Stop off in High Point, the center of the important Piedmont Carolinas' furniture industry, rapidly becoming a rich textile center.
- 4 Visit Salisbury, a town where active agriculture and developing industry are both sources of increasing wealth.
- 5 Spend time in Charlotte, an important distributing center for the Carolinas and a pivot point of wide-spread activity in many lines of manufacture.
- 6 Do not miss Spartanburg, where textile progress is speedily being supplemented by many other diversified interests.
- 7 Include Greenville, a center of a wealthy agricultural region where in addition to other manufacture the textile industry has reached a high degree of development.
- 8 And be sure to visit Anderson with its spinning, weaving, knitting, dyeing and finishing, and other manufacturing activities.

Equal opportunities offer in such thriving, developing cities as Reidsville, Burlington, Thomasville, Hickory, Chester and many others—smaller, but alive with possibilities.

Send for "Piedmont Carolinas, Where Wealth Awaits You." Address: Industrial Department, Room 132, Mercantile Building, Charlotte, North Carolina.



DUKE POWER COMPANY

SOUTHERN PUBLIC UTILITIES COMPANY
AND OTHER ALLIED INTERESTS

When writing please mention Nation's Business

hardware and we have given our retailers and the public the benefit of the saving. We have reduced the cost of the manufacturer's selling and brought our own selling expense down. But, more important, we are giving our dealers a merchandising service the cost of which would be prohibitive to individual retailers. We are offering economical prices because we have been able to reduce distribution expense. Our second reason for success, our merchandising service, enables our dealers to assure their profits and aids them in building their business.

Low prices alone cannot greatly help the independent dealer.

Efficiency in specialization

WE RECOGNIZED a difference between producing and distributing merchandise. An experienced organization can manufacture a line or a specialty much cheaper than any distributing agency can produce it, and the distributor who knows his business can do a much better and cheaper job than the manufacturer in distributing hardware. We consider our organization as a service agency with no other purpose than to distribute manufactured products as economically as possible.

We have found that sales resistance can be eliminated. Ordinarily it seems that this resistance is caused by the buyer's fear that the seller may be making an unwarranted profit. It is encouraged by secret practices, special concessions and variable policies. As a rule, the wholesaler resists the manufacturer's selling effort and the retailer makes it as difficult as possible for the wholesaler to sell him, all in the expectation that delay and resistance will encourage the best price and term proposition.

This condition arises from lack of confidence and uncertainty as to the value of merchandise.

We have eliminated it. We will not buy goods from a manufacturer whose policy is variable for we consider his policy as important as his goods. We win the confidence and understanding of every dealer we sell before his account goes on our books.

It is not necessary for a manufacturer to send a salesman to see us after we buy his goods. If his products are worthy of a place in our stock, we consider them worth merchandising to the limit, and we use every effort to give the manufacturer 100 per cent representation in our territory with as little selling cost as possible. Contrast this system with the method of a manufacturer who is spending a considerable sum to maintain his distribution in our territory.

He employs five specialty salesmen who spend their time selling the retailers in our trade area. These men send the orders they obtain to the wholesale houses the retailers designate, and the wholesalers deliver the goods. The manufacturer is also sending salesmen to call on the wholesalers, who in turn are making considerable selling effort on the goods. This means that practically all of this manufacturer's goods have been sold three times.

We have proved that distribution costs are kept high by those manufacturers who attempt to sell as many wholesalers as possible in the same territory. That kind of manufacturer not only limits his distribution by encouraging apathetic order taking instead of aggressive merchandising by the wholesalers but he is adding sales resistance to the distribution of his products. With a few exceptions, we handle lines not distributed by our competitors, and we seldom stock duplicate articles.

When a manufacturer duplicates an established line in the wholesaler's stock, he unnecessarily burdens the expense of distributing his goods, regardless of how well known his goods may be.

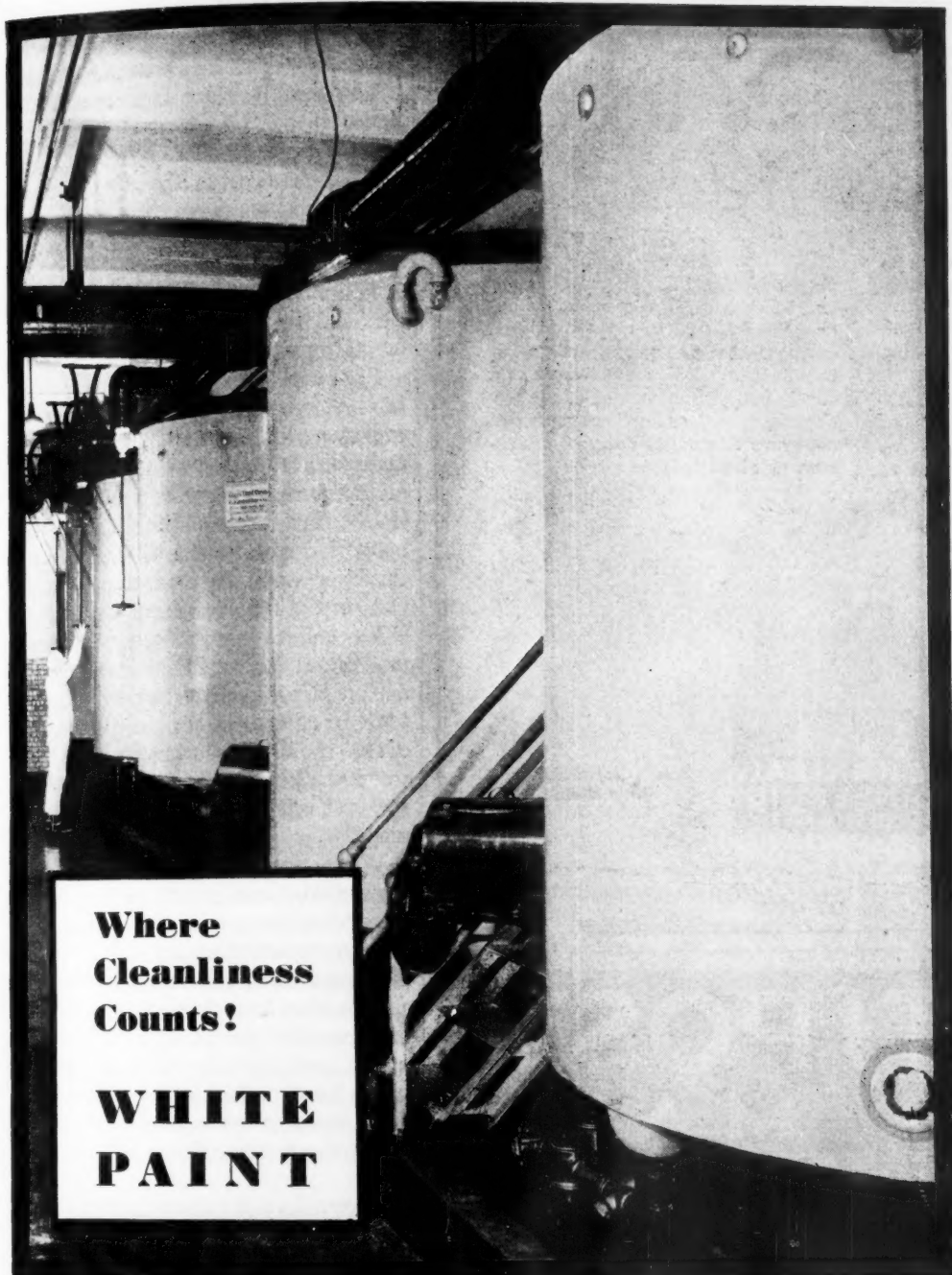
If a manufacturer distributes his goods through the independent wholesaler, we are convinced that he makes a serious mistake in selling the same goods to mass distributors. In so doing, the manufacturer expects the wholesaler to render a service that is impossible in the face of the competition created in selling through the other channel.

Help dealers in many ways

FREQUENTLY, we find it profitable to use the dealer helps, booklets, catalogs and other material manufacturers provide. Our dealers have learned the value of advertising, and our business did not attain substantial success until we began advertising and started our better business department to encourage more effective merchandising.

As a recent phase of development, our dealers are now repainting their stores to conform to a standard color scheme and are featuring on their signs the Hall-Hardware Company's trade-mark—"Our Own." The fronts of the stores are orange and blue, and the mark accompanies the name of each individual firm or dealer. The public can readily identify the stores of our stockholders, who naturally obtain a better return from advertising.

While we feature our trade-mark for this purpose and place it on a few of the articles we distribute, we do not believe that the wholesaler's private trade-mark



**Where
Cleanliness
Counts!**

**WHITE
PAINT**

CREAM TANK ROOM—ICE CREAM PLANT OF ABBOTTS DAIRIES, INC., PHILADELPHIA

The raw product—pure cream—is richly white. The finished product—ice cream—is enticingly white. The plants in which it is prepared are painted immaculately white. "Pure food from clean plants" summarizes the theory and practice of Abbotts Dairies, Inc.

White interior paints (such as those used in Abbotts Ice Cream Plant) containing the zinc pigments—Zinc Oxide and Lithopone—are very white, very clean, and very easy to keep clean. They are highly light reflectant; they are also very durable. They are made by all manufac-

turers of quality paints. They are the dominant interior paints in the food industry and many other industries.

The New Jersey Zinc Company's zinc pigments—Zinc Oxide and "Albalith" Lithopone—are widely used in these paints. We believe we have detailed information on these pigments and the paints that contain them, which will be of value to you in your plant painting problems.

For this information write to The New Jersey Zinc Company, 160 Front Street, New York City.

The



**New Jersey Zinc Co's. Zinc Oxide and "Albalith" Lithopone
ZINC PIGMENTS IN PAINTS**

When writing to THE NEW JERSEY ZINC COMPANY please mention Nation's Business

Tomorrow's best on view today

POWER plants and power using plants of tomorrow will produce and use power and steam more economically than today's.

Construction, operating and maintenance costs will be cut by means of modern equipment, materials, methods, instruments, tools and supplies which you can inspect and compare, examine and discuss NOW—at the

Eighth National Exposition of Power and Mechanical Engineering. A hundred thousand will view these exhibits during the week of December 2 to 7 at Grand Central Palace, New York. Surely you will not be one of the few engineers and executives who will not grasp this opportunity to see tomorrow's best today.



Remember the date
—December 2-7

Grand Central Palace
New York

Management International Exposition Company,
largest industrial exposition organization in the world

4015

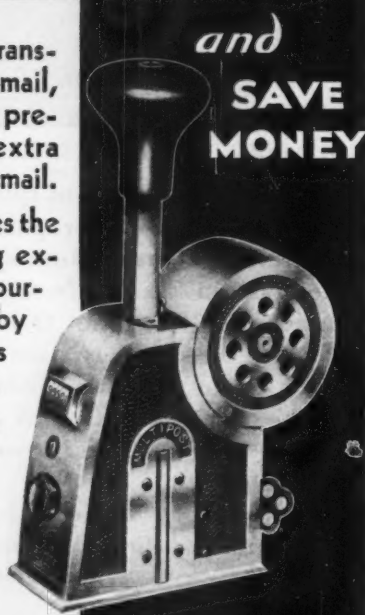
MULTIPOST YOUR MAIL

Speed that saves a few hours in transmission and delivery of mail, brings a high premium. Hours equally precious to you can be saved—at no extra premium to you—by Multiposting your mail.

The new Superior Multipost incorporates the results of eighteen years manufacturing experience. Speeds your mail, saving four-fifths of the time necessary to affix stamps by hand, records the number used, prevents loss and discourages mis-use of stamps.

May we show you by as long a free trial as you desire, and without obligation, the savings that Multipost makes? Ask your stationer, office supply dealer or our representative in your city.

You cannot afford to be without our booklet, "HIDDEN LOSSES IN POSTAGE MONEY." Write.



MULTIPOST COMPANY

55 CENTRE PARK,

ROCHESTER, N. Y.

on merchandise is always a good business proposition. We have repeatedly reminded our dealers that manufacturers invariably place their own trademark on their best goods.

In the old days, we began to study our problems from the standpoint of merchandising advantages, and we now find that our analyses are about the same in sizing up the new competition. It is simply a matter of giving the independent retailer those merchandising advantages the mass distributors enjoy.

First among these advantages is mass buying. I am sure we are giving our retailers an advantage in buying that compares favorably with the buying of all mass distributors in our industry. Other advantages of the chains are the attractive appearance of stores, rapid turnover and scientific management. Our service includes them.

We employ experienced men to remodel and rearrange the stores of our dealers. We introduce stock-keeping systems to assure the prompt elimination of slow moving and duplicate items, and we give all of our dealers the benefit of the best scientific service and management.

When an independent retail hardware dealer can match or better the mass distributors in these factors of management and procedure, he quickly loses his fear of price competition. Our stockholders have found that as long as they can offer good merchandise at fair prices, and are able to justify higher prices by superior quality and service, they can compete successfully when they use proper merchandising methods.

When a competitor helps

IN MANY instances we have found that cheap goods offered by competitors tend to create business for our dealers. For instance, some years ago we introduced a parlor heater, a coal stove with a hot air circulation system that will heat several rooms. Our outfit ordinarily retails for about \$140, the price varying with the freight. Most of our dealers carry it in stock, and some of them were dismayed last fall when a competitor began to advertise an outfit similar in appearance at about half our price.

However our dealers soon discovered that the advertising of the other concern was creating many calls for better heaters than they were showing. People told our dealers that they had looked at the other heater and wanted something better. Our dealers made many sales that could be traced directly to the competitor's influence.

The mass distributor is at a disadvan-

tage in handling goods that require servicing. His success depends on a maximum turnover without service, and in many lines such as tools and equipment the public is soon educated to use better goods than he offers, or can offer economically. This leaves a wide field for the independent dealer who cultivates the trade that belongs to him.

Furnish complete sales program

IN MARCH we send every one of our dealers a complete advertising campaign on paints. This includes window displays, direct mail material, prepared advertisements for newspapers, and all of the dealer help material supplied by our paint manufacturers. In April, a similar campaign is launched on steel goods, and May finds our 500 dealers merchandising lawn mowers and refrigerators. In September we begin to feature parlor furnaces. In October, malleable iron ranges are the principal merchandise for our advertising and selling effort, and so on throughout the year.

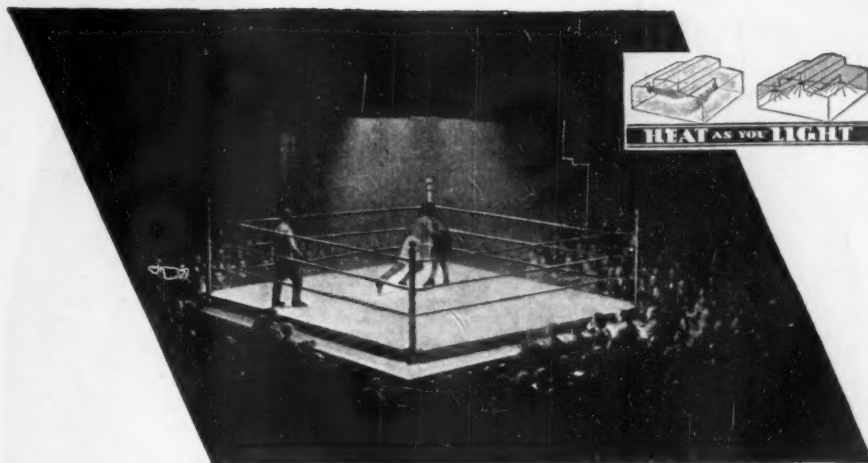
We not only provide all material at nominal cost but we show our dealers how to use it and see that they do use it.

Every month we issue a store paper which is now printed in 100,000 lots. There is an edition for every dealer which bears his name and address, and, if he desires, we do the addressing and mailing and charge him actual cost of the work. This paper carries advertisements of special merchandise, and we send out advance copies two months ahead of publication. The dealers order the "specials" in sufficient quantity to give them immediate turnover, and seldom carry over any of the stock.

We employ few salesmen.

More than 95 per cent of our business comes in by mail. This is not an argument in favor of mail-order wholesaling. I do not think that the average wholesaler could possibly conduct his business profitably entirely by mail without a radical departure from his established policy and methods. But our experience proves that it is unnecessary for the average hardware wholesaler to send a salesman to call on his trade every week or two. I am sure that a call every two months would produce as much business as eight calls in that time with a material reduction in cost.

The size of the average order in the hardware business is as important as in any other line. Wholesalers who have studied the problem say they lose money on every order smaller than about \$17. Our orders average between \$90 and \$100, and we can profitably fill orders for much less than the minimum men-



CONTROLLED light—directed where it is needed—shows every movement of a fast match. There are no shadows—there are no dark spots. Perfect illumination.

Modine Unit Heaters control heat as light is controlled. It is directed *down* as light is reflected down. It is applied where it does the most good.

There are no cold spots, no unheated areas—and Modines may be installed to meet any heating condition, just as lighting is varied to fill different needs.

But, aside from comfortable heat, Modines provide economical heat—and the economy is perpetual. From first cost to the total operating cost Modines are perpetually economizing with the *cost dollar*.

Will be glad to send you complete information on request.



Modine Unit Heater Model 701 — 130 lbs. — replaces over 2 tons of pipe coil radiation.

MODINE MANUFACTURING CO.
(Heating Division)

1710 Racine Street Racine, Wis.

Branch offices in all large cities.

London Office: S. G. Leach & Co., Ltd., 26-30 Artillery Lane

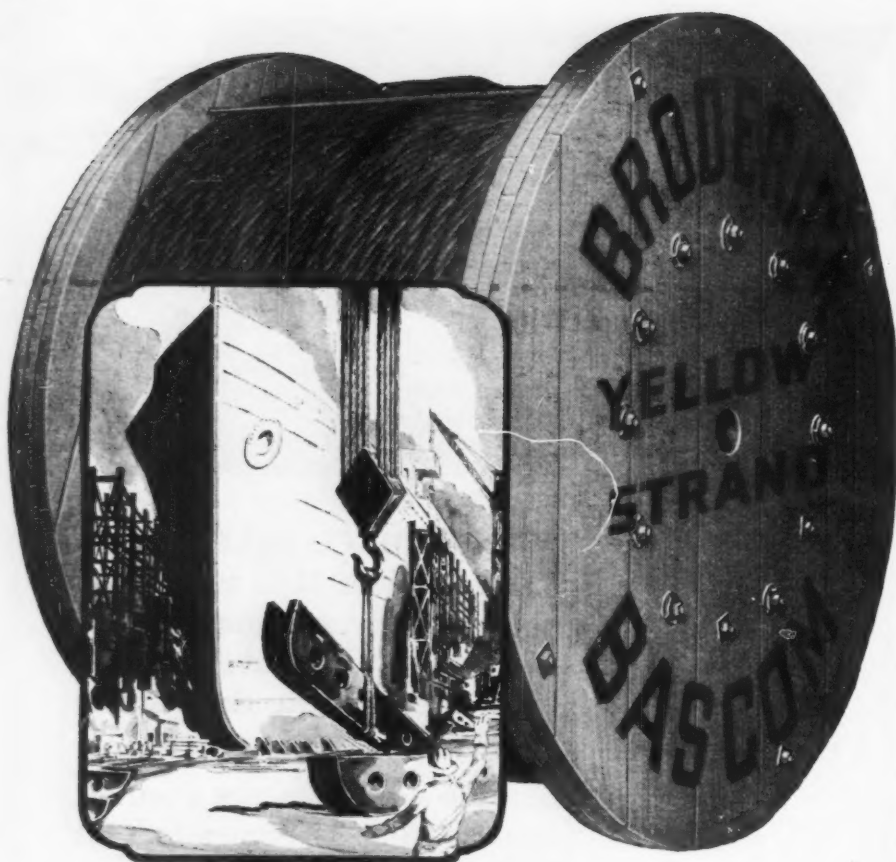
Modine

Unit HEATER

A MODINE Product

FOR STEAM, VAPOR, VACUUM, HOT WATER HEATING SYSTEMS

When writing to MODINE MANUFACTURING Co. please mention Nation's Business



You and Wire Rope

Although you may never travel by sea, ocean transportation is as necessary to your economic life as rail transportation. Yet the mammoth steel ship of today scarcely could be built without the great strength that is encompassed within the comparatively small diameter of wire rope.

Nor could the cargoes of these ocean liners be handled so quickly and economically without this flexible means of connecting power and load.

For over a half century this company has made wire rope exclusively. And in Yellow Strand Wire Rope, we believe we have attained the finest balance of strength, flexibility and resistance to wear ever developed in a rope for heavy duty. Long life and great economy are the natural result.

This company also makes all standard grades of wire rope.

Broderick & Bascom Rope Co.
St. Louis, Mo.

Eastern Office and Warehouse: 68 Washington St., New York
Western Offices: Factories:
Seattle and Portland, Ore. St. Louis and Seattle

*B. & B. Aerial Wire
Rope Tramways are
an economical means
of transportation un-
der many conditions.
Investigate!*

Yellow Strand WIRE ROPE

When writing to BRODERICK & BASCOM ROPE CO. please mention Nation's Business

tioned. Our dealers willingly cooperate in ordering goods in profitable quantities.

In our case, the economies are expressed in stock and volume dividends to our dealers, as well as in the prices and service, and there is no reason why they cannot educate their dealers as to the simple economic laws involved.

Many articles can be distributed by the chains and mail-order houses better than the independent dealer can distribute them. But many more items, those that require the personal service of the dealer, and in this field if the independent retailer is a real merchant, he need not fear the competition of mass distribution.

A Chinese Scholar Views Business

(Continued from page 38)

motive forces for improvement and progress.

Mr. Kettering, a successful American business man, wrote recently in NATION'S BUSINESS, "In our particular line our chief job in research is to keep the customer reasonably dissatisfied with what he has."

It is a plain truth that if people are discontented with the condition in which they are, and are dissatisfied with the things they have, they will always long for something else and try to get it if they can afford it. In this way the business man will always make his money out of those who are striving harder and harder to catch up with the fashions and styles.

I wonder if this maxim is only a professional secret of the business man for trapping customers, or if it is a principle of life on which he himself also wishes to act. If the former is true, then he is indeed the worst type of egotist, and I pity the people who fall in his trap; if the latter is the case, I pity the business man himself even more and all the others who cherish his point of view.

They are life-long slaves of their material desires and vanity illusions. They are forever burdened by the increasing weight of their self-made harness and lashed in the most merciless manner by the whip of an invisible master day and night. Death will be their only deliverance. Of course, it is possible that they are satisfied so long as they fulfill their desires. But how long will this last? There are always more desires, and always something else more desirable.

Aside from all this individual torture,

the waste for society as a whole is also very great. For the chasing up of new standards and new models, more than 70 per cent of the factory productions would be discarded long before their serviceableness is fully discharged. This means that three-quarters of the natural resources and human energies are rendered useless. Though, with the help of scientific exploitation and efficiency in training and management, both natural resources and human energies can hardly be exhausted, there is, however, a limit to every development. Would it not be better if this great waste were prevented?

I fully realize the partial truth that lies behind the philosophy of the modern western business man. It perceives clearly the excitability of human nature, and aims to utilize its weak points for professional profit and personal gain. No philosopher or moralist can change human nature. The duty of teachers and leaders is to check the evil tendencies latent in man and direct all natural impulses to more beneficial channels.

So, we must work, and work hard, for spiritual realization, mental enlightenment, moral perfection and cultural attainment. But in all matters that lie outside of ourselves, we must learn to take them lightly; to enjoy them if we happen to be with them—possession is, however, not necessary—and to be still content if we must live without them. Life is always easier and happier for those who desire less, and depend less upon, things outside of themselves.

We should work for humanity

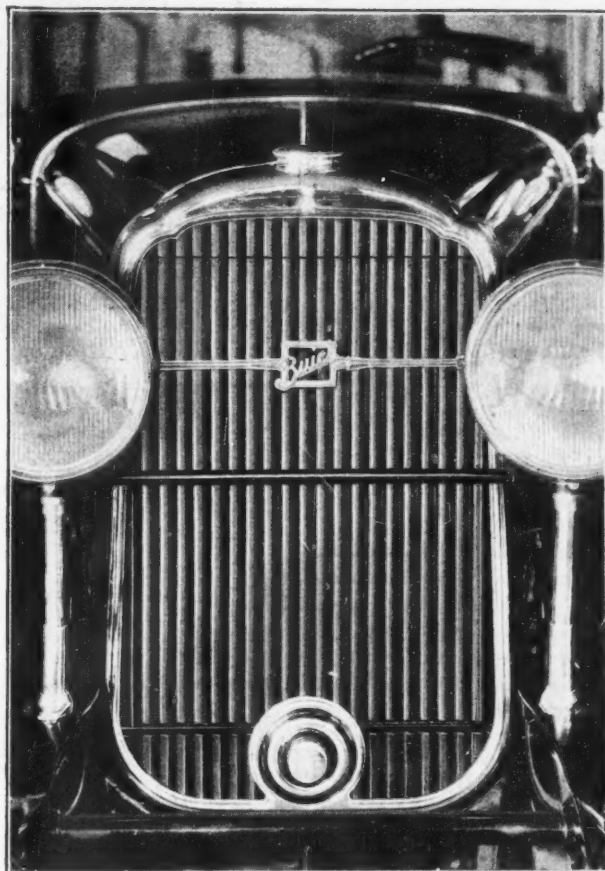
FURTHERMORE, we must work and work hard, for the improvement and the advancement of the community, the state, the nation, and above all, for humanity, for it is humanity that will live long and not we. All wealth that we may accumulate will be left behind us. Besides, we can never really create anything genuinely new, we can only transact and transform things already and always in existence here. When we work for the benefit of humanity, any merit surely lasts, but when we work for the benefit of ourselves, all merits become void upon our death or before.

Therefore, we do well to apply our positive or active forces toward that which has a spiritual significance and is good for mankind, and our negative or passive forces toward that which has only material value and is good only for ourselves. Only those who possess spiritual wealth can overlook material wealth; only those who love humanity know how to deny themselves.

WINTER MOTORING

Nothing will add more to the pleasure and safety of winter motoring than automatic radiator shutters. The Sylphon Bellows Thermostat is identified with the Pines Winterfront Company in producing the famous

PINES WINTERFRONT AUTOMATIC RADIATOR SHUTTERS



Buick with built-in Pines Automatic Winterfront

In this Buick radiator shutter assembly is "housed" the Sylphon Bellows Thermostat which controls the opening and closing of the shutters to keep motor at correct operating temperature.

The following cars have Pines Winterfronts and Sylphon Bellows Thermostats as standard equipment: Cord, Buick 40-50-60, Gardner 130, Graham-Paige 621-827-837, Peerless 125, Pierce-Arrow 133-143, Rolls Royce, Stearns-Knight DeLuxe 8-90, Stutz L & M, and others . . . names on request.

The



Bellows

The most sensitive and durable of all expansion members, is the motor element in thousands of thermostats, in the most highly recognized radiator traps, refrigerating machines, industrial and building temperature regulators and many other diaphragm applications. It was originated and patented by the Fulton Sylphon Company.

Our plant is the largest in the world devoted exclusively to the manufacture of thermostatic instruments and we invite those interested to submit to our engineers (without obligation) any problems involving Sylphon Temperature or Pressure Control.

ADDRESS ALL LETTERS TO DEPARTMENT N

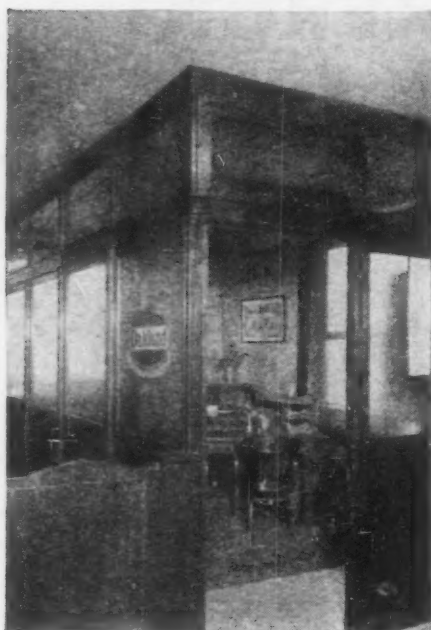


The Sylphon Bellows

FULTON SYLPHON Co.
KNOXVILLE, TENN., U.S.A.

Representatives in all Principal Cities in U. S. A.—European Representatives, Crosby Valve & Eng. Company, Ltd., 41-2 Foley St., London, W. I., England—Canadian Representatives, Darling Bros., Ltd., 140 Prince St., Montreal, Que., Canada.

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Where Are Your Customers Going?

By ARTHUR H. VAN VORIS

Of L. Van Voris and Sons, Hardware, Cobleskill, New York

IT SEEMS safe to assert that every retailer is interested in holding his customers. It is not easy to establish a local clientele—in fact, the task today appears almost impossible.

In every town and small city the hardware store, the drug store, the grocery store and the dry goods emporium have long been recognized as stable institutions.

Customers used to go to the hardware store to buy hardware, to the grocer for groceries and to the druggist for drug supplies. Each merchant was a specialist in his particular line. A local clientele naturally formed around the retailer who tried to render efficient service based on knowledge and experience. These folks were *his* customers.

They made their purchases in his line at his store and they continued with him year after year.

An observation of merchandising policies today leads one to believe that we are going far afield from this plan of retail specialization.

Drugs, groceries and hardware

OURS is a hardware store but the grocery store across the street sells galvanized pails, tubs, clothes lines, oil cans, stamped ware and kitchen utensils. Next door to the grocery, the druggist frequently makes "specials" of coffee and cocoa and, in the hardware line, he sells razors, blades, cutlery, flashlights and sporting goods. A men's furnishing house has branched into general dry goods and taken on a whole line of cheap hardware and tools.

Now shall the hardware dealer sell sugar, crackers and condiments or fill a display case with toilet articles and patent medicines? Shall he add a department of underwear, hairpins and ladies' hosiery? Shall he put in a stock of fountain pens, ink, pencils, and typewriter supplies?

What is causing this trend in merchandising? Is it a step forward—or backward? Is it temporary or is it here for all time? Most of us seem to be doing it, whether for protection or retaliation. Yet there is no evidence of hard feeling.

Our druggist friend, dropping in for a real hardware purchase, frequently glances at our display of tooth brushes,

tooth paste, shaving cream, hair brushes, combs and adhesive tape with a good natured query about the state of business in the drug department. We come back with a friendly rejoinder regarding his cutlery, sporting goods, flashlights and nickel watches.

I suspect that this trend did not originate among us retailers. I think, originally, we were all fairly content to stick by our respective lines and let the other chap do the same.

Does no merchant specialize?

PERHAPS it started with the manufacturer or the jobber who, pushed by competitors, quietly advised road salesmen to seek new fields for cultivation.

Now we no longer have competition between kindred merchants but between retailers of unallied wares, including catalog houses, catalog house retail stores, the chain and syndicate store, the wholesaler's retail stores.

If articles formerly found in one type of store can now be purchased in any of a dozen different types, what incentive will the retailer have to become a specialist in what was regarded as his individual sphere? Who will be left to serve the public wisely, accurately and efficiently in any one line?

In this new system, referred to as the new, inner competition, where can the business man find a goal? And he must have a goal, not just a stepping-on point, year after year, with no hope of reasonable return. And no retailer can afford to sit idly by and watch.

The day is past when the man with the best mouse trap will find crowds beating a path to his door. There are too many mouse traps and too many paths. But the retailer may as well be philosophic about it.

Where are your customers going? Some of them, happy thought, are staying with you. Others are wandering to the butcher, the baker, the druggist, the grocer, the hardware dealers, the catalog-house store, the chain and syndicate store.

And they'll continue to wander. But, by the same token, just as many customers of this butcher and baker will stray over to the alert and progressive independent retailer who is alive to the situation and the present condition.



*"Adequate light, soap and water,
and pure air are the agents of
efficiency."*

Charles A. Pearce

President

Colgate-Palmolive-Peet Co.

Production goes up— when light increases

INVESTIGATION must always reveal these facts. Men can do some work with a little light; more work with more light; and *most work with most light*. Under adequate light they work faster and better, with greater safety.

Deceptive shadows, pale dim light, or dazzling glare, all lower factory production and factory standards. You can't expect eyes and hands to respond quickly under the handicap of poor lighting.

But give them enough light, of the right kind, and eyes and hands speedily co-ordinate. Production totals mount. Cheerfulness prevails. As Mr. Pearce says—"Adequate light... is an agent of efficiency." And business leaders all over the country now recognize it.

If the lighting in your plant was installed five years ago, it is probably obsolete today. Try the effects of up-to-date lighting in your plant. Good

modern lighting sometimes increases productivity as much as 15 per cent. And in these days of keen competition, such a margin is decidedly welcome.

Every executive should consider the lighting system in his plant one of his fundamental responsibilities. Investigate yours now. See if it is up-to-the-minute.

The National Lamp Works of General Electric Company maintains trained industrial lighting engineers in all parts of the country. One of them will be glad to make a thorough survey of the lighting conditions in your factory, and will submit recommendations without charge. He will also, if you desire, arrange for a *trial* installation of better lighting in whatever part of your plant most needs it. Write us for his services and for a free copy of the book—"Plain Facts about Factory Lighting."



Celebrating the Fiftieth Anniversary of the first practical Incandescent Lamp 1879-1929

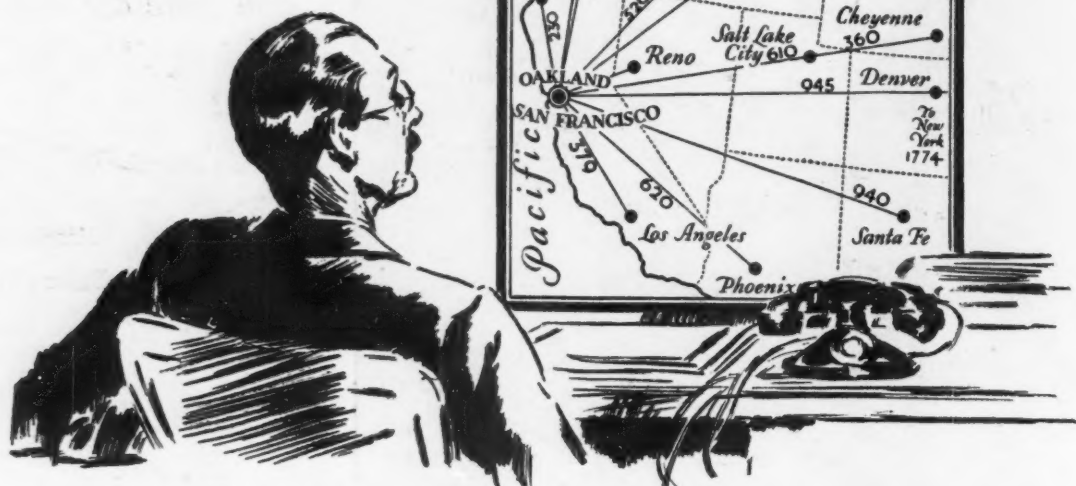
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age of any desired size can be had at considerably less cost than elsewhere. Here, too, building costs are relatively low. Here you will find promptly available raw materials in wide variety and great abundance.

Distributors or manufacturers interested in the great western markets are invited to write for any general or specific information with the assurance of the correspondence being held in strictest confidence. Send for a copy of "Outstanding Features of the P. G. and E."

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KNICKERBOCKER, N. Y.

A scene on the floor of the recently opened New York Hide Exchange

How Leather Is Laying Its Ghosts

By H. J. PAYNE

WHEN the leather industry saw it was losing money, it decided to do something about it. The tanners began to cooperate, to scrap ancient rule-of-thumb methods, to use successfully modern research

NO industry is so old or so powerful that it can afford to ignore modern methods in the belief that practices that have worked well for centuries are good enough today. Those methods may be all right, in themselves, but no practice is good enough if a better one can be devised.

The first man who killed a beast and used the skin to keep him warm established the leather industry, an industry which, despite a history almost as long as that of man himself, is today convinced that only by intelligent cooperation of competing members can it keep itself healthy and prosperous.

The present generation of tanners is

the first to recognize that methods of producing and selling leather that worked perfectly well through centuries are unprofitable today. For this reason the virile Tanners' Council of America has sponsored an effective research program, established a unique statistical service and provided needed guidance for its members in the matter of color as a style element.

Promotionally minded tanners also maintain another organization—American Leathers Producers, Inc.—which

fosters interest and confidence in the products of the industry through every legitimate means.

The tanner faces several problems that are peculiar to his own industry. For in-

stance, his raw material is not produced especially for his benefit. It is a by-product of the meat, wool and dairy industries. Long inventories, necessary because of the time required to tan leather, constitute another problem. To solve it the industry has established the New York Hide Exchange, Inc., which opened for trading June 4.

It will afford facilities for hedging and price insurance and will be of special value to the tanner who must purchase his hides on a forward contract

and hold them many months. It is also expected to prevent violent fluctuations in the price of its commodities.

As a further safeguard against drastic price changes, the industry has established the Trade Survey Bureau, a clearing house of all statistics relating to leather.

These statistics are presented in graph form showing production, deliveries and other facts of each type of leather from month to month. This service gives an accurate picture of conditions and saves the expense of compiling government and other data in every tanner's office.

In addition, cooperation has made for elimination of waste. For years the hair taken from hides and skins produced little revenue. A company was formed to purchase, process and merchandise hair products. The good faith of competing organizations has made this enterprise succeed. Interesting uses have been discovered for hair felt in various forms—profitable sale of such products has been found possible. Thus the industry has gone from red ink to black on this item.

A new market

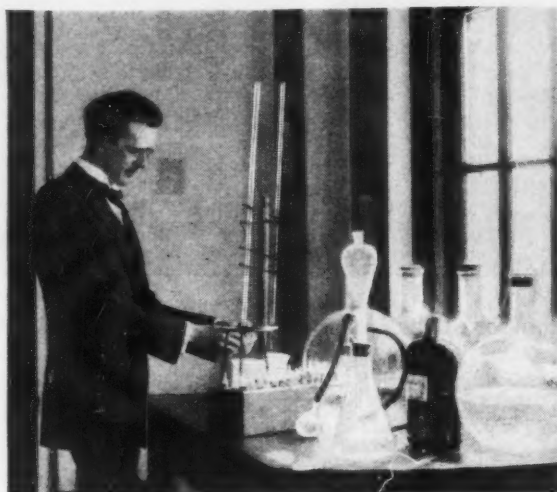
MORE recently, and in line with modern merchandising strategy, another cooperative arrangement has been worked out for selling various types of leather direct to the public through retail stores. A tanner of calf, one of sheep, one of kid, one of upholstery and one of sole leather have formed a selling company to conduct this business which, they believe, offers a definite opportunity to move a considerable volume of leather direct to the woman in the home for use in making apparel, hand bags, house decorations and useful furnishings.

Of these various types of cooperation, perhaps none promises such long-time benefits as does research in pure science. Leather was made by the so-called bark tanning process (used for making more than half of the leather tanned today) in the days of the Babylonians.

Until recently comparatively few changes have been made in the basic procedure. Twenty years ago the control chemist came into the tannery. Not the least of his problems was the fact that practical tanners had operated so long by rule-of-thumb methods—tasting tanning liquids, for instance, to ascertain their strength—that they were inclined to resent chemists.

However, the chemist has established himself so far as control work is concerned and the technique of control has progressed to the point where production has been speeded up without sacrificing quality and with actual improvement in uniformity of output. Some tanners have gone a step further and maintain research organizations of their own—which, incidentally, produce amazing returns on the basis of what they cost.

But the job of finding the fundamental scientific facts underlying each of the tanners' operations remained as a task for the industry as a whole.



The Tanners' Council maintains a laboratory at the University of Cincinnati

In 1912, tanners endeavored to establish a bureau for cooperative research in New York but it was not until 1923 that this idea took full flower. In that year a completely equipped laboratory was opened on the campus of the University of Cincinnati.

Funds to support this laboratory have been provided largely by the Tanners' Council but now a movement is on foot within the industry to endow this enterprise so that it may operate under the guidance of a self-perpetuating group of tanners to be known as the Foundation of Tanners' Research Laboratory.

This laboratory has dealt entirely in terms of the first three of four of the many processes required in leather making. The veil has been torn from the mystery as to what happens when hides or skins are salted, when this salt is removed in the tannery, when they are submerged in lime solutions to loosen the hair. Findings have been published. Practical benefits in conserving raw material while putting more value into the hides and skins have resulted.

These scientific researches have been valuable to many other groups besides tanners. Dermatologists, or skin specialists, for instance, have gained new light on their problems as professional medical men.

Tanners now appreciate the need for improvement in the quality of leather, faster tanning, better utilization of hides and skins, ability to modify the properties of leathers to meet new needs.

At least every year milady senses that it is time to replenish her shoe wardrobe. She is much interested in color. Blacks, tans and whites she may regard as staples, but she also seeks subtler hues that carry out her costume ideas to the last degree.

Tanners have recognized that much of their leather goes into style merchandise. To harness color successfully without piling up stocks that could not be sold profitably, the Tanners' Council, through an arrangement with the Textile Color Card Association of America, sends to its member tanners of upper and fancy leathers, twice each year, samples of eight colors deemed by stylists to represent the best possible offerings.

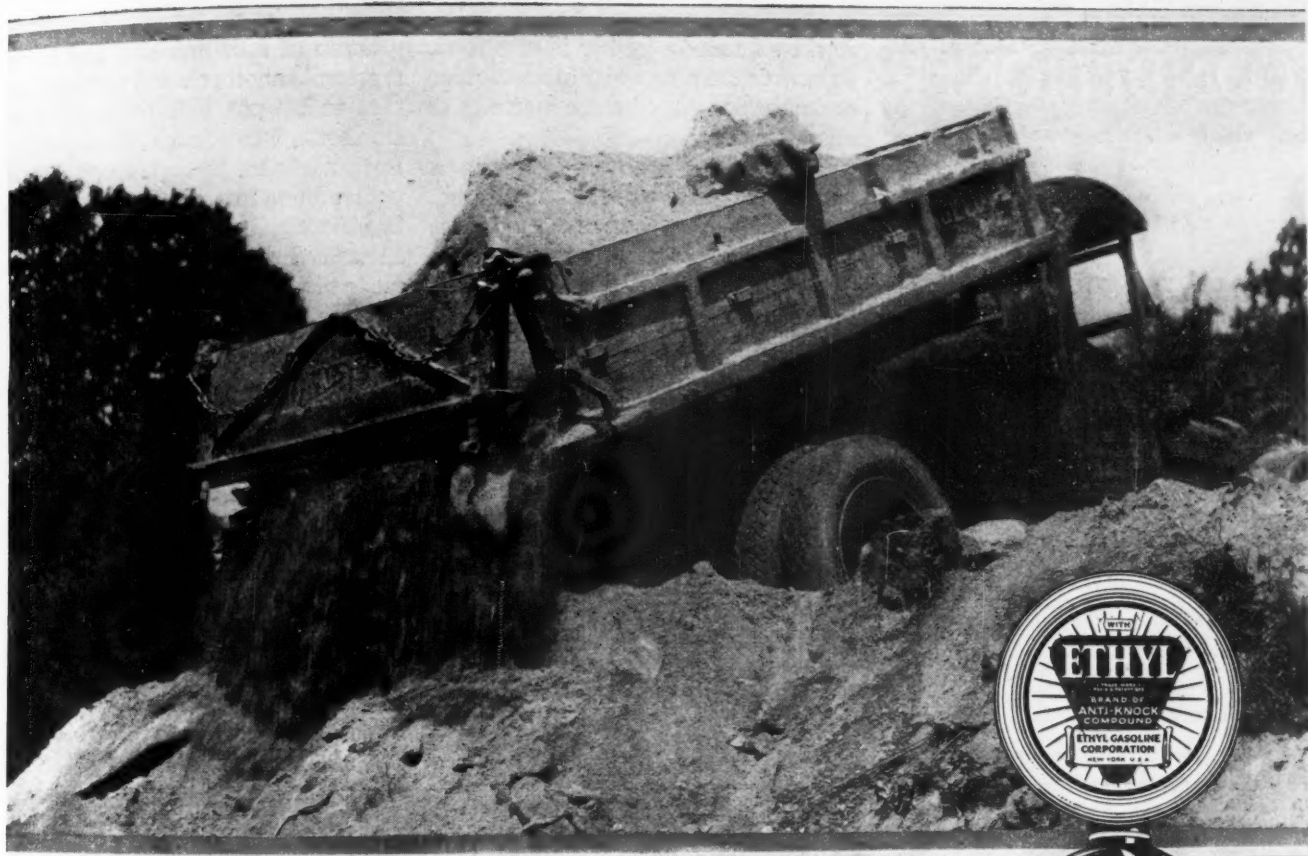
To follow through this effort, tanners stage a semiannual showing of their offerings before each selling season. This showing is timed to coincide with a national gathering of manufacturers and retailers who meet to adopt a forecast built around particular leathers and colors. Thus waste is eliminated and the tanner may expect to do a maximum business on a minimum number of colors.

Refined its nomenclature

IT happens that terminology applied to leather is nearly as old as the industry. The jargon of the trade has changed through the years until many terms have come to be meaningless if not actually fraught with the danger of downright misrepresentation. To avoid this confusion, makers of leather, allied with representatives of manufacturers of leather commodities, have compiled a dictionary of leather terminology which has won favorable comment from retailers throughout the land.

In this manual of terms, the industry attacks one phase of its merchandising problem and tells the consumer interesting truths about kinds of leathers from which are made shoes, gloves, ap-

Power *when you need it*—with Ethyl

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1929

ETHYL Gasoline's great value to the operators of fleets is that it furnishes extra power when you need it most. In heavy pulls, up long hills and over rough roads, Ethyl eases strain on the engine parts. It reduces gear shifting, saves fuel.

Ethyl eliminates "knock" and attendant power loss. The consistently quicker pick-up and better control in traffic mean more miles per day, more days on the road. Time ordinarily lost by frequent lay-up for carbon removal is saved.

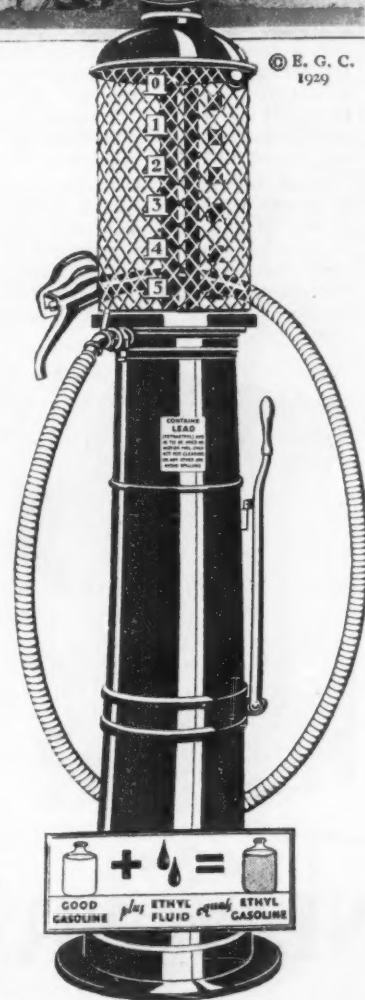
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fluid, containing tetraethyl lead. This is the anti-knock compound, developed after years of research, to make gasoline a better motor fuel.

Leading oil companies in this country, Canada and Great Britain add it to their gasoline to form Ethyl Gasoline. Available everywhere now.

Executives of companies operating fleets are invited to look into Ethyl as an operating economy. Full particulars will be sent on request to any of the offices listed below.

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A MACHINE that *warms, cools, moistens, dries, and cleans* the air in any room, maintaining exactly both temperature and relative humidity, as desired.

An Example of Air Conditioning

In New York City the U. S. Government has a textile testing laboratory where yarns and fabrics presented for import are classified for duty.

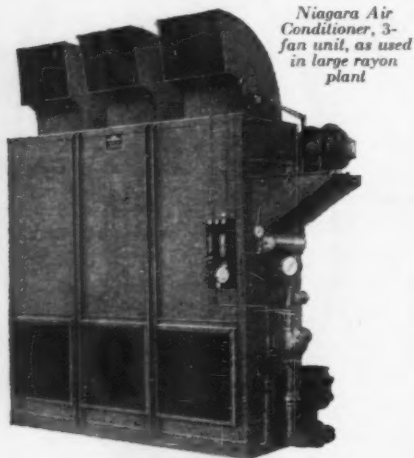
Textiles, extremely sensitive to atmospheric moisture, must be tested under controlled conditions or the characteristics of the yarn will vary.

With the Niagara Air Conditioner, this laboratory is held to the exact temperature of 70° F. and relative humidity of 50% winter and summer.

Other Applications

Textile manufacturing also requires conditioned air, as does photographic film manufacturing, bakeries, candy and many other food product industries, paper finishing and printing industries, tobacco, leather and everywhere hygroscopic materials are stored or processed. Air conditioning is also used for human comfort, especially to decrease costs of labor turnover and maintain better standards of work.

Niagara Blower engineers are specialists in air engineering problems. Write them if you have a question about handling hygroscopic materials, recovery of solvents, pneumatic conveying, heating or ventilating. Address the NIAGARA BLOWER COMPANY, 95 Liberty St., New York, N. Y.



Niagara Air Conditioner, 3-fan unit, as used in large rayon plant



When writing please mention Nation's Business

parel, handbags, sporting goods and upholstered furniture.

American Leather Producers also has pioneered in building up retail sales practices. This organization arranges exhibits in department stores combined with question and answer meetings for salesworkers handling leather in any form. Principals from representative tanning organizations attend these meetings to answer questions.

Thus the gap between the producer and his ultimate sales force is bridged. Tanners believe that more effective merchandising invariably results in retail organizations that have taken advantage of the plan.

As a follow through, literature covering various types of leather merchandise is prepared and distributed. The workings of the industry are presented in popular form in one booklet; the particular problems of the luggage retailer or the shoe retailer are considered in another. This work goes on steadily hand in hand with visual education of school children, the public and manufacturing and retailing organizations through the use of a film, "The Story of Leather."

New leathers and new markets

LOOKING toward the future the industry is searching for new markets. Perhaps leather will not always be sold to the same groups as today. The tanners are considering the absolute and the potential properties of various types of leather with a view to finding uses to which leather has not already been extensively put.

A single outgrowth of this approach

has been a rapidly expanding business in leather garments in style colors for men, women and children. Sheepskin tanners now have about 50 distinct markets for their product of which the shoe market is looked upon as the least promising for the long pull.

Scrap of hide and skin and leather represents another broad problem. Tanners today put hide scrap into glue, skin scrap into gelatine, small pieces of leather into an amazing array of products running from washers so small that 20,000 weigh but a pound to loom parts. Literally hundreds of articles are now made of a material that once was worth but a few pennies a pound for fertilizer.

New leathers are being discovered, too. Ostrich is now tanned. Shark and cod now give leathers that serve a wide variety of uses. Several million alligator, snake and lizard skins have been tanned this year for shoes and handbags.

These developments have not been picked out of the blue by tanners. Hard work, intelligent modification of existing processes, building of new organizations in out-of-the-way places have been necessary.

Meeting the competition of substitutes represents another problem. When hides are selling for 16 cents a pound no problem exists. When the price is higher, manufacturers with an eye on costs begin to use other materials than leather. How can the price of hides be maintained at 16 cents or lower?

Preparing for tomorrow's leather demands represents the last and in a sense the greatest of the tanner's problems. It may involve producing leather in a much shorter time, and of somewhat different properties.

A City Under a Single Roof

(Continued from page 20)

traffic problem. Put this worker in a unified scheme and he need hardly put his feet on the sidewalk during the entire day. His business, his lunch, his club and his apartment are all in the same building. The time he saves goes either into recreation or into greater production.

The plan I have worked out and which I hope to make a reality covers a space of three blocks, developing later into greater units. There is no limit to the possibilities, the only requisite being that each layout be properly integrated to pursue its activities without jostling the rest of the city.

In this plan the whole ground area is free for traffic—for automobiles, pedestrians, and parking. The buildings are supported on columns which leave the space beneath them open. Only the stairways and elevator entrances come down to the street level. Below are as many stories of covered garage space as the foundations permit.

From the second to the tenth floors are shops, stores and even theaters, served by connecting arcades at every floor. Office space occupies the level from the tenth to the twenty-fifth floors. From the twenty-fifth to the thirty-fifth are clubs, restaurants and hotels. Above that are the apartments. The

"LOOK OUT FOR SHOPLIFTERS!"



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Businesses which must maintain quick contact with numerous and widely distributed branches will find Teletype an invaluable aid. It is now employed by many large gas, electric, coal and ice companies, by banks, and by manufacturers whose offices and factories or warehouses are located far apart.

Teletype... the Telephone Typewriter... is the only device that sends typewritten messages by wire. Depressing a

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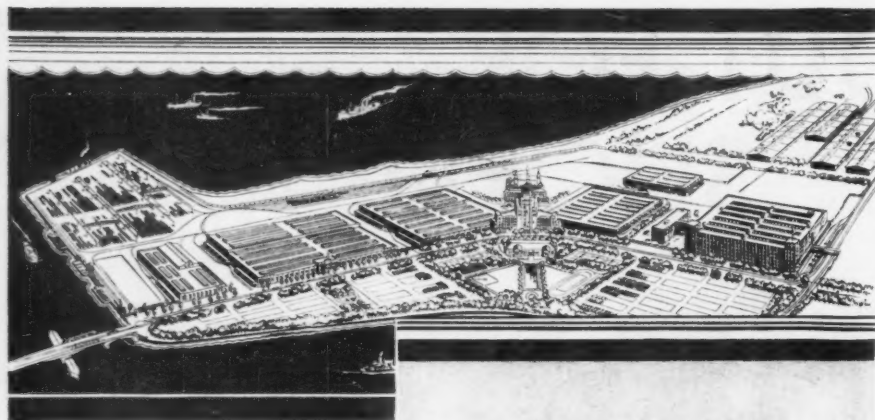
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For full information concerning the Telephone Typewriter and its cost, sign this coupon, pin it to your letterhead and mail to the TELETYPE CORPORATION, 1400 Wrightwood Ave., Chicago.

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EVEN if Ferguson engineers have to go far below the surface for tests—inspections—foundations, it's just a part of the job. Because, Ferguson engineering includes every detail that effects the quality, stability and ultimate low cost of the project.

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If you are interested in building and building problems, the Ferguson "Cross Section"—published monthly, should be of real value to you. Each issue contains a technical article dealing with some interesting phase of construction work. A request on your letterhead will bring this publication to you gratis.

entire unit would be planned with reference to the needs of an industry and the type of people who compose it.

Compare the relative values of three blocks under the present disorganized system of building and the same three blocks under logical coordination. The same amount of money is spent in each construction, the same floor area and capacity for occupancy is produced.

Under present conditions 40 per cent of the total building is in badly lighted and ventilated space which faces depressing backyards or interior courts across which the maximum view is not more than fifty feet. The rest of the space—what we call first-class exterior space—is lighted entirely from streets that are between 60 and 100 feet wide. In buildings averaging 25 stories, at least 40 per cent of the room is below the tenth story, which is today rated as inferior.

No dark offices here

IN THE new plan all space is outside. Each office would look across an opening at least 300 feet wide. This would be true in the case of a single unit; where three or four units were planned together, every window would look into a court 700 feet square.

By present methods 40 per cent of all space is in undesirable levels below the tenth floor; handling such as described above would reduce the space below the tenth floor to 15 per cent. Since these floors would be devoted to shops, theaters and the like, the closeness of the ground would be an asset rather than a liability.

It is safe to say that there is hardly a block in the center of New York that will not be torn down and rebuilt within the next 20 years. Under present real estate conditions the operations will consist of from five to 20 separate transactions, each conducted by a separate interest which is opposed to all the others. Rarely will they be complementary; in most cases they will be competitive and mutually destructive.

An example of this is a block on the East Side with which I am familiar. In this block within the past two years there have been two twenty-story operations costing in all about five million dollars. One is a building for printers and it has some chance of success, but it completely blankets the rear of an apartment-house operation. Both buildings are damaged by their unhappy juxtaposition.

On all sides of these structures are garages and old apartment buildings under eight or ten separate ownerships. Any one of these may introduce dis-

cordant factors which no one can foresee. In that block an investor must keep his sails continually trimmed to meet dangerous and unforeseen developments. A single enlightened ownership would improve conditions in every way.

Even in neighborhoods where operations are of a single character, such as apartment houses, there are continuous quarrels.

Each group covets and encroaches on the trade, light and other advantages of the neighboring group.

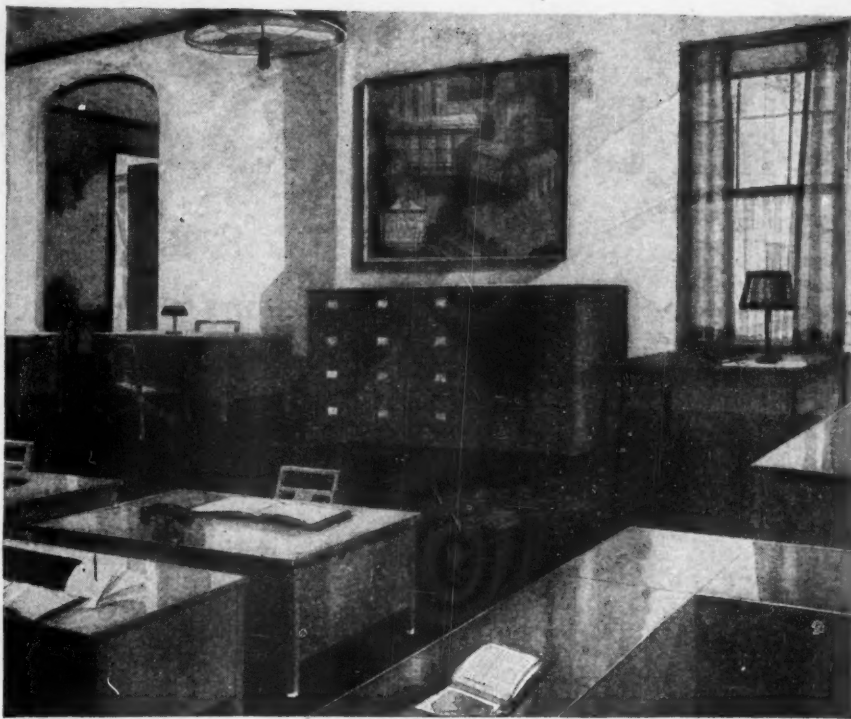
This undirected growth has brought about real estate conditions that would not be tolerated in any other industry. The whole tenor of the age is toward consolidation and mutual aid against individual conflict. Building units are too small. They are not sufficiently financed to give themselves even partial protection. Huge investments are at the mercy of chance and the whims of a next-door neighbor. The result is a quarrelsome, competitive, destructive battle into which only the shrewdest opportunist or the most audacious adventurer can afford to put his money.

Would be no more costly

AS A basis for calculation let us take a block under present conditions where buildings of 25 stories cover 70 per cent of the ground area. I would substitute for that building a spread over three blocks which would give the same floor area as the above. It would work out as a forty-five story building in the new form.

The cost of the single structure covering three blocks would be no greater than in the other case. The only difference would be that the money would be assembled at one time and by a single syndicate instead of being brought together by 15 or 20 operators over a period of 15 or 20 years. It would mean a single directing intelligence rather than a score of mutually destructive interests of relatively feeble financial strength.

I have proceeded on a basis of three-block operation. The exact size is not essential. It should merely be large enough so that each operation can control its own environment and comprehensive enough to include a branch of industry. The central organization entails a form of amalgamation such as occurs every day in the business world. It means the application of farsighted direction to a movement that already has shown itself in the city's growth. Certainly some such remedy must be applied to prevent New York from strangling itself by its own growth.



Make your office fit ...for better work

Don't look for best work in poor surroundings

BUSINESS leaders, today, don't look for best work in a drab office. They know that surroundings have a tremendous effect on the worker. They guard the comfort of the entire personnel. And they are turning to Art Metal equipment.

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office piece . . . designed by engineers with forty years' experience . . . executed by master craftsmen and reasonably priced. Best of all, first cost is last, since steel does not splinter, break or warp—and steel reduces fire hazard.

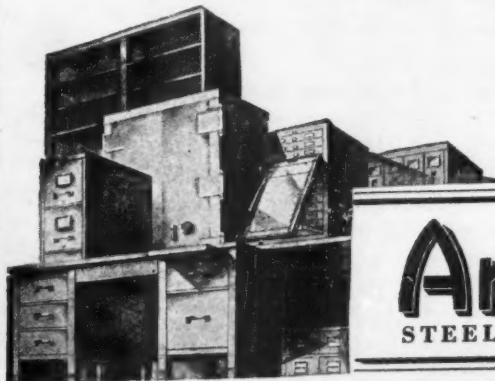
See this attractive furniture and equipment finished with special enamels in natural wood grains or rich olive green. See the wide variety of price and line . . . the most diversified line in the world. On display locally in over five hundred cities.

Write for beautiful color booklet of office interiors . . . free

"Equipping the Modern Office" is illustrated with paintings by Lurelle Van Arsdale Guild, widely known New York decorator. They suggest a few of the pleasing and practical office interiors that may be achieved through the use of Art Metal equipment. We shall be glad to send you a copy along with any of the catalogs listed below. Just write, mentioning the ones you wish.

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Art Metal

STEEL OFFICE EQUIPMENT

When writing to THE ART METAL CONSTRUCTION COMPANY please mention Nation's Business

What Do Your Luncheons Give You?

By FRED B. BARTON

ILLUSTRATIONS BY J. D. IRWIN



It was as fascinating as the Arabian Nights

A BABBITT, if I understand aright, is a bore who eats, sleeps and drinks his business. He talks nothing but bricks or bread or burlap or bonds; has no horizon beyond the sphere of bananas or bicycles or brooms. Is that it?

I like Babbitts. A business man who is so thoroughly steeped in his trade that he turns dry routine into a hobby and an enthusiasm, evokes my respect and my admiration. The world needs him. I find all men's businesses interesting, when I talk with a man who has worked hard and who knows.

I joined a luncheon club, hoping to touch in some particular the lives of a hundred men. But they don't talk!

Our club aims at three things. First, exclusiveness—you can't run a club without that! What's the fun of belonging if everyone in town can get in? We must have careful selection, so that membership confers distinction.

Second, we hope for a spiritual awakening, but without any great physical effort on our part. A hundred of us, young men all, are interested only faintly in Boy Scouts, or deaf mutes, or objects of charity. We feel the hopelessness of tackling any reform single-handed but collectively we pool our five dollars apiece and hire some worker to carry on some work for us, we meanwhile relaxing in the glow of feeling that we are unselfish and public-spirited—with no pain to ourselves.

The third desire we joiners have in affiliating ourselves with a luncheon club is to broaden our outlook. Here are a hundred young men, representing differ-

ent pursuits and callings. They represent in miniature a slice of our town, giving us a cross section of what is new and vital in lumber and lingerie and limousines. They are up and coming young men—let that fact not be overlooked. None of us cares to associate with has-beens; we want to be classed as comers, and thrill from the contact with these others who in another generation presumably will dominate our city.

The first year the new service-club member is quiet and expectant. He doesn't look for wonderful things until he gets acquainted. Or perhaps he does. Perhaps he is like my friend Blivens, who dropped out of our club after six months of lonesomeness, bitterly disappointed.

Lonesome luncheons

HE HAD expected joining a club to be like attending a revival meeting. He wanted to be lifted up, made over, fired with joy and enthusiasm. Being shy and cold and diffident he required others to go two-thirds of the way, and

the club didn't understand him.

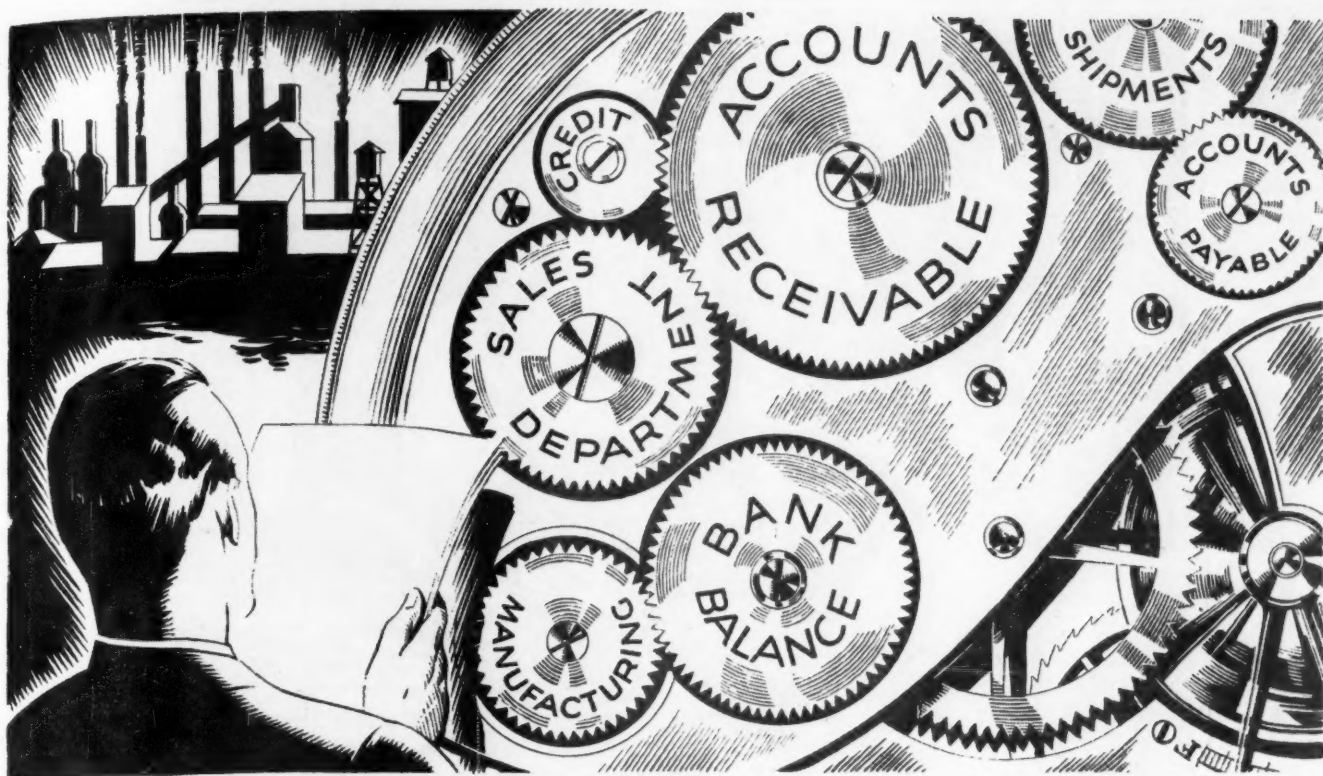
"We have the darndest time organizing our class for a reunion," said a college graduate to me. "Our class had just a few natural leaders, but most of them flunked out the first year. We had some wonderful mixers, but not all of them graduated, either. The rest are quiet, backward, reserved and need to be coaxed. It's hard to get them started."

That comment, I thought, might be made of any group or club or organization. All of us have our shy moments. Few of us are natural leaders. Seldom do any of us burn with enthusiasm.

Men are always more self-conscious than women. The clothes that women wear remind them that they are on parade and are, indeed, playing a part. Thus they carry themselves with the assurance and courage of actors. Men, feeling and looking purely ordinary, have



Men are always less assured than women



Watch your business tick

Every cog in full view with this system of control

NOT every executive can find the time to see his business in actual operation . . . to watch the wheels go round . . . to see his business tick.

But there is a method that gives a picture that is even more faithful, more dependable, than walking through office or factory to question Bill and Jim.

Elliott-Fisher provides a method of business control that presents you *every day* with an accurate record of the performance of every department. What happened yesterday is known at nine today. And every day you know exactly what progress has been made.

As soon as you arrive at your

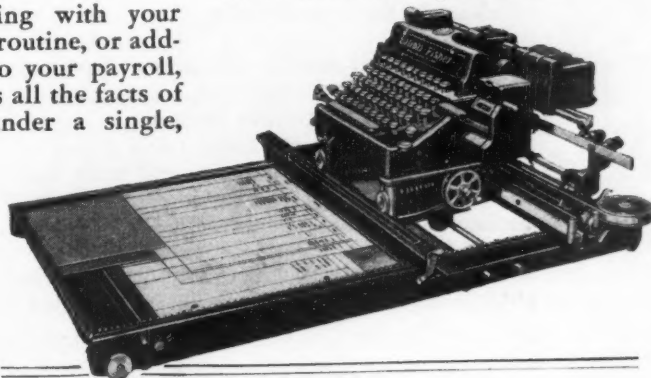
office you have a résumé of yesterday's activities, compared with results on the same day a week ago, a month ago and a year ago. Elliott-Fisher gathers all the vital figures from the various departments and summarizes the totals in a simple, concise report. Sales, shipments, inventories, billings, bank balances, accounts payable and receivable . . . all are posted up to the minute, furnishing you a reliable guide for accurate decisions.

Without interfering with your present accounting routine, or adding a single man to your payroll, Elliott-Fisher brings all the facts of each department under a single,

The Elliott-Fisher flat surface accounting - writing machine

unified plan of control. Even when you are traveling, the Elliott-Fisher report may be sent to you at the close of each day's business, keeping you in touch with conditions almost as effectively as if you were at your desk.

We shall be glad to tell you something of the part that Elliott-Fisher fact-finding machinery plays in the success of hundreds of America's most representative business firms. Use the coupon below.



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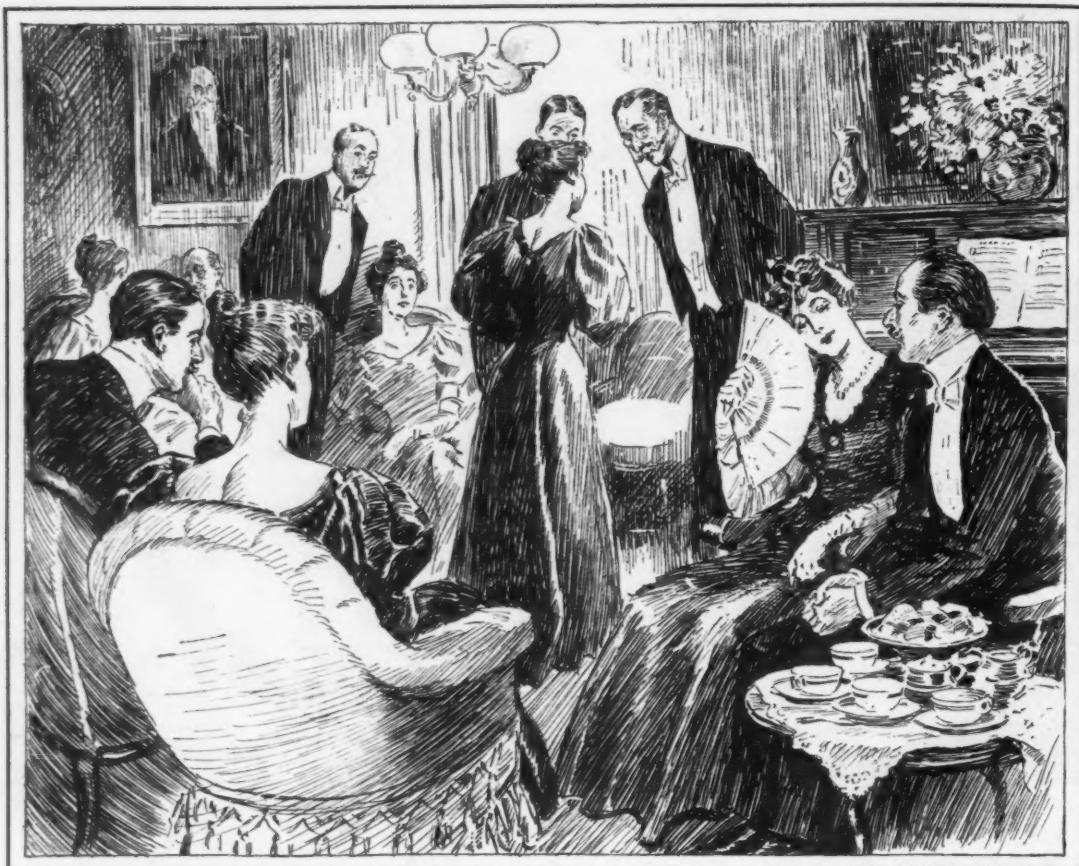
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Handwork is just as Old-fashioned Today

GONE are the gewgaws and whatnots that comforted the hearts of our grandmothers . . . and cluttered up their parlors. Gone, too, are the folderols of hand-work production methods in the factories of the land. There is a new spirit in the air . . . efficient machine production.

This new spirit begets volume production, out of automatic machinery . . . a new breed of work, yielding profits undreamed of in past years. For skilled hand labor alone *at any price* is too costly compared with the uniform, unfailing, high-quality mass production of mechanical methods.

In many industries automatic and semi-automatic machinery designed, developed

and built by AMF engineers has multiplied a thousand-fold the economic value of human hands. The making and foil-wrapping of cigars, the manufacture and packaging of cigarettes, the sanitary sealing of milk bottles, the mixing of dough to make bread and cake of finer texture and superior flavor, the sanitary wrapping of bread and biscuits and cakes, the automatic weighing of materials into bags, boxes, bottles and packages of all kinds . . . are some of the production functions done better, quicker and more economically by AMF machines.

Does your business include any of these lines of endeavor? Then consult us about ways and means of lowering the cost, and speeding up the rate, of production.

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a bashful deference and a desire to avoid appearing conceited. Thus they act apologetic—as indeed most men are when removed from their own business atmosphere.

Members are self-conscious

I HAD HOPED that luncheon clubs would remove this curse of self-consciousness. They ought to. Every club member ought to be allowed to feel that here, for the time at least, he can strut. Is he not the club's only representative from the entire brick industry? Then surely his casual utterances will carry the weight of prophecy.

Unfortunately, most men cannot—or at least they do not—talk in public about their business. They hug the background. For them it is a victory over stage fright if they can stand in unison and chant "I'm a little prairie flower."

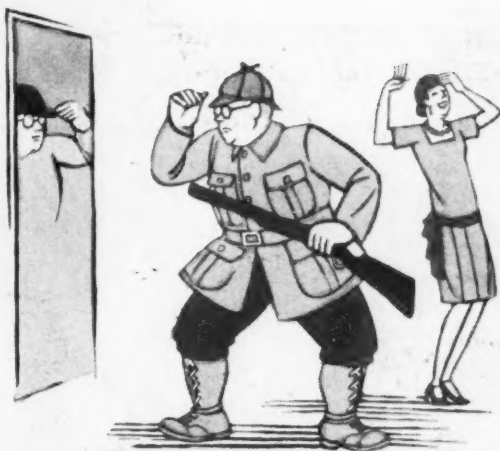
Some men, perchance, are born club men. They are like the Rotarian I heard of who spent a busy day at Rheims.

"I haven't time for the cathedral," he told his guide. "Just inquire if they have a Rotary club here, and if so where it meets."

It must be great to flit from country to country and have a perfect attendance record at luncheon clubs for every week. Great for some people, that is. But not for me.

Most men, I find, develop a weariness of attending a routine luncheon one day every week, eating commonplace food and hearing a methodical speech. We're tired of being talked at!

That partly explains the turnover of members. A further explanation lies in the fact that everything in life has its period. You read the American Boy or the Youth's Companion for a few years. You buy golf clubs and hunting togs for



Everything in life has its period. At a certain age you buy hunting togs

a certain term. You spend all your evenings at home for a certain length of time until, feeling you have locked the door in the world's face, you burst out into lodges and male activities in a sort of second childhood.

If your world is changing and growing, your interests wax and wane. Many ex-members of service clubs feel, "Well, I've done *that* now. What next?"

Of course the type of club meals in itself is a just reason why members lose interest. As a nation we have outgrown the banquet era, in all its forms.

My town used to have monthly chamber of commerce luncheons at which some distinguished leader from out of town was paid to speak. The idea wore itself out finally. Even the yearly chamber of commerce banquet is not too well attended.

Chauncey Depew lived to be 93 and attended banquets all his life—but he never ate a thing. Will Rogers, too, eats his supper at home and gets to a banquet late.

Even in my short lifetime I have found it enough of a punishment to attend a banquet without eating the food provided there.

The days when a public banquet gave us our only chance to eat an olive are gone for good.

Today any of us gets a better meal at home.

Down in New York last week 12 business men sat down to lunch. One was the banker who was our host. Ten were local executives of various businesses. The twelfth was myself.

It was a good will enterprise on the banker's part,

with no strings tied to it. He is constantly expanding his circle of friends. He brings old friends and new ones together across the luncheon table, and new ideas are born. He keeps a personal acquaintance with the many industries his bank serves, which in itself would justify the investment represented by such a lunch.

We started to eat at 12:30; the meeting broke up promptly at 2.

The meal was light but adequate. A quick soup. A creamed fish with mushrooms. French pastry. Celery and olives. Coffee and

cigars. Nothing to require much chewing, and everything delicious.

Then the banker called on each to tell the story of his business. There were no "speeches." Each told merely the current trends and problems in his industry. It was as fascinating as the Arabian Nights.

"Here, at last," I thought to myself, "is what I hoped a luncheon club would be like—and never was."

A model for luncheon clubs

IN 90 minutes I learned more about various businesses than one discovers from months of lunching under a service-club banner.

I learned that New York trolleys used to travel seven miles an hour. But now, with heavy traffic, they are slowed down to five and a quarter miles an hour. This necessarily reduces their appeal to riders for long hauls.

I learned that rayon is not a competitor of silk, having thus far merely supplanted cotton. But that when the tensile strength of rayon is improved it threatens indeed to cut into the popularity of silk. Meanwhile, synthetic wool is on its way, promising new competition for everybody in the clothing line.

I learned that bonds are hard to sell, not only because of their low yield, but because they are a funded debt while stocks make you a partner. Optimistic investors prefer to own a share in the business and to benefit by future profits, rather than to have merely a well-secured and conservative promise to pay.

I learned that the South and its industries were financially hurt by the floods; that Florida faces a smaller grape fruit crop this year because the European fly has ravaged the blossoms.

Then we discussed chain stores; how



A club must be exclusive. Why belong if every one in town can get in?

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YEARs before Dallas itself made any national effort to capitalize its location—wise business and sales executives who traveled extensively and "knew their markets" began to pick Dallas as a strategic base of operations in the Southwest. . . . They saw the advantages of Dallas' central location—in the very heart of the Southwest market. . . . Time has justified their choice—many have added manufacturing facilities to more completely serve this rich market *from within*. . . . Now—1,921 national and sectional concerns maintain sales or manufacturing branches in Dallas. . . . If yours is not one of these concerns, we invite you to get the facts. . . . The coupon below will bring to executives special report . . . "Dallas—Distribution Center," which you will find invaluable. Mail it now.



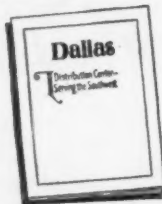
Dallas

Southwestern Headquarters to American
Business—1,921 national and sectional
concerns maintain branches in DALLAS.

Industrial Dallas, Inc.,
1430 Chamber of Commerce Bldg., Dallas.

Mail free copy of "Dallas—Distribution Center" to:

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When writing to INDUSTRIAL DALLAS, INC., please mention *Nation's Business*

they have affected department-store sales, for instance. Women today want a \$9.75 dress that has beauty and style. Wearing qualities are immaterial; they'll buy three dresses where formerly they bought one. But the stores must make three sales, at triple the expense and risk, to gain the same sales volume they formerly showed.

"It used to be that a woman saved half her lifetime to get a silk dress," said a department-store man. "Today no woman is happy unless she has six or eight silk dresses in her closet all the time, all of them new."

A former manufacturer of dress goods told how this change had prompted him to sell his business while times were still good.

"When dresses ceased being shaped around the hips, the era of the dress-maker ceased," he said. "Today a woman can buy a dress and wear it home, practically without alterations. It doesn't need to fit."

We mentioned briefly real estate. "Property isn't selling these days," said some one. "People are using their money for speculation."

Silver isn't all silver

A VETERAN dealer in bullion and silver discussed his unique little business. Silver, it seems, is usually "925 fine," meaning 925 parts of pure silver and 75 parts of copper in each 1,000. Not all high-priced silver is this fine, I learned. A certain woman bought a dozen silver plates in Italy and found they turned green under the salad dressing. A test proved they were only 700 fine and that the copper and silver was poorly mixed, allowing the copper to rise to the surface and tarnish.

"So we had her ship them to us and we silver-plated them," concluded the silver man.

There in five minutes I learned more about the silver business than I ever knew before.

Two o'clock came all too quickly.

"Well, gentlemen, I thank you for coming together here this noon. I know I've profited considerably by our little talk here," the banker said.

I felt the same. There's nothing more interesting than business.

I just wish that these service clubs, made up of selected men from representative industries, could bring to the surface the interesting daily questions and developments that each man faces.

This is the sort of news I hoped my fellow service-club members would give me. It's the sort they can give if they only will.

Automobiles Hurt the Farmers

IS THE motor the cause of the farmer's ills? Though farm doctors and political doctors have written and spoken oceans of words about the farmer and his ills, they have largely neglected mention of the automobile. Nevertheless the motor has influenced the present farm situation in a way the average farmer little suspects.

The motor provides transportation and power that formerly was supplied principally by the horse. If the motor replaces the horse, the land that produced and maintained the horse is made surplus, its price declines and the horse-producing farmer is without a job. This is what has been going on for the last 20 years. A few figures may help us realize the extent of this remarkable revolution as it affects farming.

The United States Army's daily ration for a horse is 12 pounds of grain and 14 pounds of hay. Multiply these by 365, reduce them to bushels and tons, and we find that a horse consumes in a year 70 bushels of grain and 2.5 tons of hay. With good crops it takes five acres of land annually to maintain a horse.

Horses are passing

THE Government, 20 years ago, reported that there were, in round numbers, 25 million horses and mules on the farms. For the first part of this year, however, the Government estimated there were less than 15 million horses on the farms. It is not far out of the way to say that there are ten million fewer horses in the United States than there were 20 years ago. The motor has replaced them and, at five acres per horse, has rendered 50 million acres of farm land surplus. We can better visualize the size of this surplus farm acreage by saying that it is half the area cropped in corn and five-sixths of that in wheat.

Since a horse weighs about seven times as much as a man, we might say that the farm product that supports one horse will support five persons. Under such an assumption, we would have to wait until there was a population increase of 50 millions in the United States before the slack in farm acreage caused by the disappearance of ten million horses is taken up.

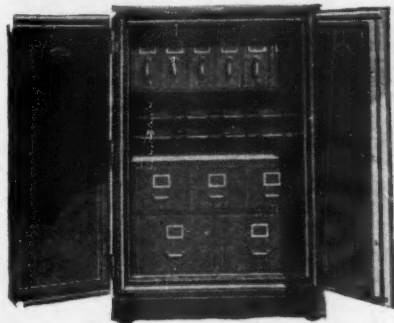
Putting it another way, 25 million motors are doing work that otherwise



Did Brown recover full damages?

Just a casual question passed between business acquaintances at a club. Brown, the owner of a successful and growing business, had a fire that gutted his plant a short while before. Did he recover full damages? Of course he was covered with insurance—but unless his inventory statements, accounts receivable, etc., were protected in fire resistive safes there is a question. For it is necessary to produce these important records to collect full damages.

No business can afford to take such a chance—the vital records should be kept in Diebold Fire Resistive Safes. The cost is comparatively small and the range of sizes and types will fit any risk. Diebold Safes are labeled by the Underwriters' Laboratories.



Let us measure your degree of fire risk and recommend the proper safes.

Remove this risk from your business. Our book, "Record Protection for Modern Business Offices," will show you how. Write today.

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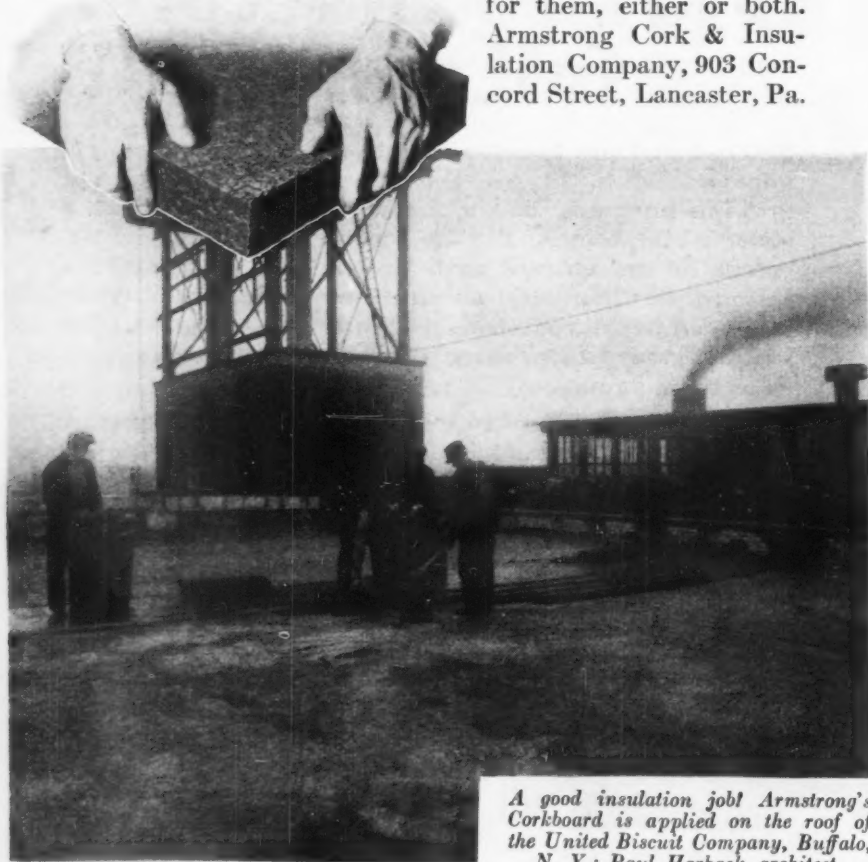
That extra thickness PAYS ITS WAY...

"INSULATE your factory roof," says your architect, "but do it right; use Armstrong's Corkboard, one and one-half or two inches thick."

It may cost a trifle more—in the beginning. But then this adequate insulation rolls back its sleeves and goes to work. It prevents unnecessary heat leaks through the roof. Fuel dollars are saved. And the more comfortable working conditions promote increased efficiency. In a short time you've paid for the cost of Armstrong's Corkboard. Yes, "that extra thickness pays its way."

But money saving is not the only reason why. Armstrong's Corkboard Insulation will keep the ceiling temperatures above the dew-point. Then moisture damage from condensation on the ceiling no longer can ruin goods or rust machinery or rot out your roof decks.

How roof insulation pays its way in factories and other buildings is fully explained in the books, "The Insulation of Roofs with Armstrong's Corkboard," and "The Insulation of Roofs to Prevent Condensation." Write for them, either or both. Armstrong Cork & Insulation Company, 903 Concord Street, Lancaster, Pa.



A good insulation job! Armstrong's Corkboard is applied on the roof of the United Biscuit Company, Buffalo, N. Y.; Paul Harback, architect.

Armstrong's Corkboard Insulation

When writing to ARMSTRONG CORK & INSULATION COMPANY please mention Nation's Business

would have been done by horses—animals requiring an area of farm land for their support about equal to that now cropped each year in corn and wheat combined. If our prosperity during the last 15 years has been due principally to the motor, as some economists say, is not the reason why the farmer has not shared that prosperity to be found in the fact that the motor has replaced a farm product?

Farmers may well speculate on whether the revolution has run its course.

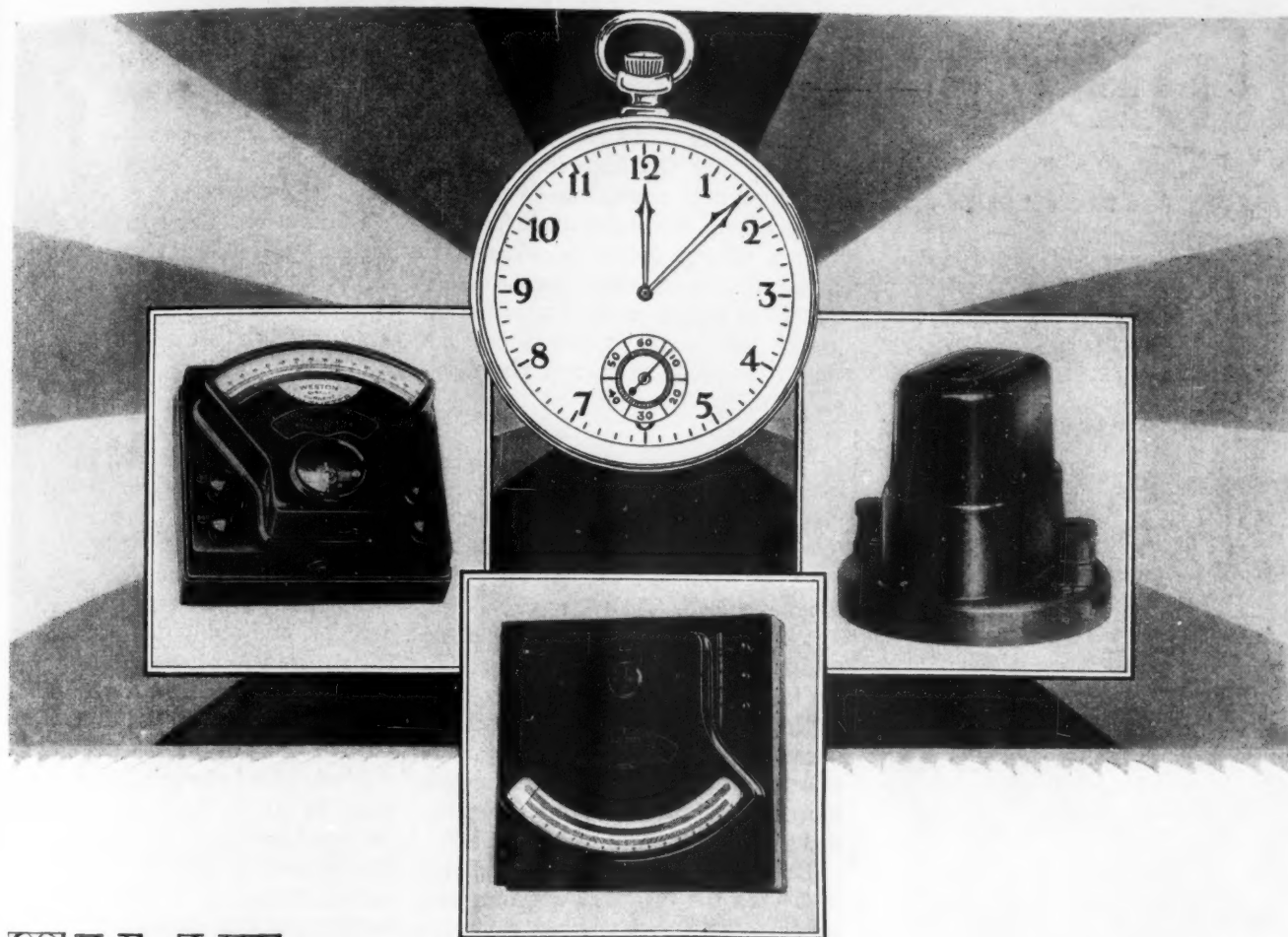
Objection will be made to the above figures. First, it may be said that the acreage set aside for the support of one horse is not necessarily plow land but may be grazing land of less value. It is a fact, too, that the government ration of oats and upland prairie hay is rarely the forage the farm horse gets. Objection will be made also to the idea that the product of an acre will feed one person. It will hardly do so in this country with our unintensified tillage and with our abundance, variety and wastage of food. In Egypt, however, one irrigated acre supports three persons on a low standard of living.

The figures cited are, however, close approximations. They are sufficiently accurate to explain the low prices of horses and farm land. The present prices of farm products, higher than they were 20 years ago, are largely due to the higher labor content of these prices, higher prices of farm equipment, and higher taxes.

Automobile Tires Now Wear Evenly

"WE are just beginning to get the benefit of four-wheel brakes," says the sales manager of an automobile tire company. It used to be that the rear tires wore out much faster than the front ones, due to the brakes. Now all four tires get a certain amount of wear from the brakes being applied suddenly. Tires that were new when four-wheel brakes came into use are now being replaced."

One of the big tire companies was planning to meet the modern demand for color by offering tires in nearly all colors of the rainbow. What could be prettier, they estimated, than bright blue tires or green tires, harmonizing with the rest of the car. Then they happened to think how odd a car might look if a man with tires of one color had a blow-out while on tour, had to buy an extra tire, and couldn't get the right size in the same color.



TIME—the Sponsor of Quality and Service

ELECTRICITY is frequently referred to as the mainspring of industry. It is an apt analogy since, when electric power is properly proportioned to the needs of production machinery, and the whole system is nicely balanced electrically, factory equipment functions much like the works of a well-regulated and extremely accurate watch.

Continuing the analogy, if time-accuracy is deemed necessary in industry as a gauge on human efficiency, how much more essential is the absolute dependability of instruments used for checking the efficient application of electric power to every phase of plant operation, for electricity affects practically every activity incident to production—the output of the individual as well as the machine. The established standards for the measurement of time and electricity employed in modern practice are comparable only in their mechanical refinements.

There are put into each Weston instrument long hours of time so as to insure long years of dependable service

The finest watch that was ever made resulted from simple operations compared with the extreme complexity of processes—chemical and electrical as well as mechanical—required to produce many of the small parts and elements essential to the maintenance of Weston standards of performance.

There is no sacrifice of highest quality—either of materials or workmanship—permitted in a world-famed Weston. Notwithstanding the many precise manual and mechanical operations, the hundreds of inspections and tests and the incredibly small tolerances and working limits prescribed, the cost of a “Weston” is remarkably low—in the smaller sizes even under the price of the cheapest watch!

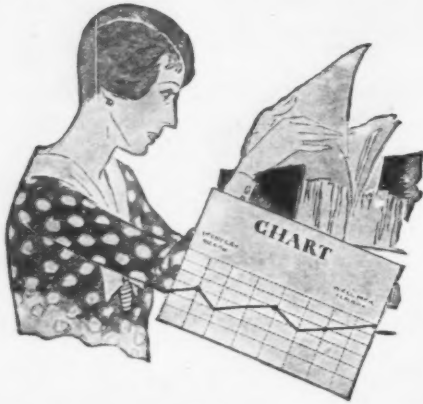
Pursuing the watch analogy to a concluding reminder—it takes time to make a “Weston” as it does any quality product, a fact which in the end brings greatest satisfaction to the purchaser and user.

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SINCE 1888
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Your Job—After the Merger

(Continued from page 22)

in the number of his assistants. Then, some day, the Old Man finds himself carrying a tremendous load of expense. In this bank, for instance, before the merger, we had about 20 officers and department heads who were absolutely no good as producers. They were costing us, in salaries and overhead, not less than \$300,000 a year, and the thing was growing.

To eliminate duplication

"IN THE average bank, just as in ours, sooner or later the Old Man meets the executive of some other bank who has the same load. They compare notes, figure the economies that would be possible through a merger, and the merger takes place.

"Immediately all the precedents are gone! Every fellow in both organizations begins thinking about holding his job. To hold it, he knows, he must make good. Anything may happen."

This executive went on to tell me that when the two bank organizations in which he was interested came together, the hiring of new people was stopped for about three months.

As orders were given to stop making old and unproductive motions, and new motions were prescribed, the new positions to be filled were supplied from old employees, who found themselves doing work that meant something and that got them somewhere.

At the end of three months, the growth under the consolidation made it necessary to resume hiring.

Out of more than 2,000 officers and employes in both organizations, fewer than 50 resigned or were dropped. A larger number would have left each of the old organizations in the same period in the regular course of business.

Let me tell you what happened to four fellows involved in this particular merger.

A was advertising manager and B was public relations director in one bank, and C and D held the same positions in the other. These were the first departments merged. A, B, C and D got orders to report at a new office on a certain Monday morning.

There had been a strong rivalry between them. Moreover, the consolidation raised questions in the mind of each as to whose organization had been biggest and best.

This feeling was taken into account.

Wise officers told A, B, C and D to be extremely courteous to the fellows who had been their competitors and be prepared to obey orders.

The first order was to form a committee, study the advertising problem of the new organization, and report. This report carried a recommendation that C was the best man, in the opinion of A, B and D.

This eliminated A, the other advertising man. But the auditor soon found a new job for him. Both banks had been paying considerable sums as membership fees for officers who belonged to clubs and associations in the interests of business promotion.

A was set to weed out duplicate memberships, and study other duplications in expense of this nature. In a little while he was saving the merger so much money that his job was made permanent.

B was given charge of a new department to study the broad possibilities for soliciting new deposits and loans. His job involved growth of trade and industry, changes in neighborhoods, new business enterprises, and so forth.

D was assigned to public relations for three months, during which he built up a new department that ran itself. When the merged banks needed more people from outside, he was made personnel director.

Better jobs for all

THUS, none of these men was dropped, and none is now at his old work. They have more interesting and important positions, created by the merger.

This was what my banker friend calls a "logical and wholesome" merger. It offered real opportunities to save money and to increase revenue by eliminating deadwood in men and policies.

Some mergers are of doubtful merit in this respect. They do not offer economies to justify consolidation. Or the promoters may have discounted the possible economies and taken them as profit on the financing.

In the past, many such consolidations have died of their own weight. Yet many more have survived because the growth of the country enabled consuming power to catch up with them. Some of the "logical and wholesome" combinations have been five to ten years ahead of consuming power. By some views, they have been formed to discount the future. But by another



Giving Your Reception Room. Inviting Hospitality..Permanent Beauty

THE graceful lines of these reception room chairs invite the caller to use them. The correctness of their design fulfils the promise of comfort made by their appearance. . . They're as restful to the body as they are welcome to the eye.

And, best of all, this comfort and beauty is *permanent* in Aluminum Office Chairs. For they are soundly constructed without joints or dowels that loosen and squeak with advancing age.

Aluminum Chairs are beautifully finished in various natural wood effects and handsomely upholstered in leather or fabric. They may be had in styles (either straight or swivel) to suit every office need—finished to harmonize with any scheme of decoration.

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way of looking at it, they have simply gotten ready to take care of growth.

There are illogical and unwholesome mergers, no doubt, but from the standpoint of the human aftermaths, I consider the logical and wholesome mergers which do not start off with good management the more troublesome.

For example, a lot of warring companies that overcrowded a certain local field were merged last year. While the organizers were at the job, they rounded out the new corporation with some closely related products. Nothing could be more logical or wholesome, because wasteful competition was stopped and the volume of the potential business was increased by giving the company more things to sell.

As with the merged banks, there were certain duplicate department heads. But politics have been the dominant factor so far in the management of that company. Every fellow who could organize a "pull" for himself has gotten some kind of job. In another year, the failure to show profits will lead to an overhauling, and then certain capable men who are now working their heads off in subordinate positions will come into their own.

In another logical and wholesome merger, the accumulated deadwood of the concerns in men and policies was the principal reason for the consolidation. However, the executives of these concerns insisted on having a hand in managing the merger and sinecures were created for them. In a year or two, the logic of the situation will begin to operate, and then the merger will get down to business.

Housecleaning must come

IF AN ABLE man sees these evasions and delays in the merger with which he is connected, he should not worry too much about the injustice of the situation. In due time, the logic must operate. Above all things, he should not quit, because when the housecleaning comes it will be drastic. Men who have shown real ability will be needed so badly that promotion will be certain.

Not all mergers are made by bankers, nor are they all big.

There is a movement, affecting all business, toward economy in production and distribution.

One of the largest recent consolidations has been in the grocery field, where it is no longer profitable for separate concerns to distribute breakfast food, coffee and other products bearing widely known brands, so a huge corporation makes and distributes many articles

which, a few years ago, formed the bases of thriving individual enterprises.

Now, in one section of the country, an aggressive small manufacturer, formerly a salesman, successfully competes with this great food company in a single article. He started modestly ten years ago, has skillfully cultivated a group of states for his market, and has spent a reasonable percentage of his revenue in intelligent advertising.

He finds now that additional products offer the best direction for growth. With a wider "line," he can reduce overhead expenses and increase profits.

Last year there was an unprecedented number of mergers. This year, the human problems connected with consolidations are more in evidence, although the merging process is still going on and will continue to go on for a long time.

Change and mergers

MERGERS are undoubtedly a form of growth. As young people with fresh energy and new ideas succeed their elders in business, so young, vigorous business concerns succeed the ones that develop age and unprogressiveness.

We can all look around and see the handwriting on the wall for certain firms and corporations. Sooner or later, financiers will step in to form new combinations, and rejuvenate the businesses with young blood.

You and I know of workmen being turned adrift after a merger, but we also know that many salaried fellows are rising in the organizations created by consolidations. The merger is hardly formed before some unknown executive is elected to the presidency. If we scan his record we see that he started at the bottom. Thousands of salaried men of whom we never hear are succeeding on a smaller scale.

It seems to me that the first year in a merger is the hardest for those whose livelihoods may be affected. A merger certainly multiplies work for those who are found fit to carry out some part of the reorganization.

"And my advice to the man who finds his job involved in a merger," said my banker friend, "is to set aside all fear, and to work at least twice as hard helping to develop the new scheme of things."

When a merger is effected, it is because the public, adjusting itself to a new scheme of living, wants better goods and service at a particular place.

The individual involved in a merger in the end will come out where he belongs if he says to himself, "Good-bye job, Hello, opportunity!"



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When you get rid of excessive shipping costs you add directly to your profits. Helping you accomplish this is our business... Our Box and Crate Designing Service is maintained for the purpose of finding savings for manufacturers in their shipping rooms—money to add to the profit column. Here's a typical example. A well-known chain store organization of some 1400 stores recently effected a saving of almost twenty cents each on boxes they use by the thousands. Although the first cost of the General-designed box is more than that of the second-hand box they had been using, the economies in packing time, weight saved, and the reduction of pilferage losses, net them approximately \$25,000.00 each year. A tidy sum to add to profits!... There's a General Box factory near you—well located to give you quick, dependable deliveries at lowest cost—and eleven other factories to maintain that service under any emergency. Use our offer to aid you in putting your shipping room on the most economical and efficient basis possible.

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What Uncle Sam Got for an Empire

(Continued from page 52)

to \$5,000—and got it. He had to sue to get it. When he stood up to speak before the judge, a button holding his trouser braces gave way.

"Wait a minute," he requested.

He took a knife, whittled a stick, anchored the suspender, spoke and won his fee.

It was Lincoln who fought one of the first cases of the Chicago & Rock Island to get a bridge across the Mississippi, which three Supreme Court judges had pronounced immoral and indefensible. It was—to the river steamers who didn't want their river traffic transferred to rails; but that old decision like many others had to go down before progress.

Other names famous in national history emerge from the medley of Chicago rails in this period. Standing in the Central Illinois station, if you look to the rear, you will see what was once a freight office. In this freight office worked a boy of German descent. He was short of legs, round of body, and very merry of eyes. He could never resist a practical joke.

His job was with the new and wonderful toy known as the telegraph. He had found out that he could divert the current to a slender wire he had attached to a little flap of tin to give other boys of his age a surprise as they lounged up and down the plank platform.

The boss didn't see the joke

FLOP up and down would jump that bit of tin. Stoop and touch it—Shock! It was great fun to the boy; but woe was that day!

Came along one of his bosses. Flop went the tin. Then the fat boy went racing as fast as his short legs could carry him with the boss in hot pursuit. Exit fat boy as an employee of the Illinois Central.

The boy's name was William Van Horne. He next emerges in the rail world up in Wisconsin helping Carl Schurz transport troops in the Civil War.

Of another type was a youth named Shaughnessy, also on his first rail job up in Wisconsin. It is hardly necessary to add that both Van Horne and Shaughnessy became master minds in directing the Canadian Pacific to its amazing prosperity amid an era of terrible wreckage among other railroads.

Of the six or seven railroads now cen-

tering in Chicago which participated in land grants at this early period, it is significant that in three, the directors were so uncertain that they would be able to go ahead even with the aid of federal land grants that not one of them could be induced to buy one acre along his own line.

I don't know that we should smile over their timidity. We were not much bolder in our own generation.

Many lost opportunities

AFTER the Canadian Pacific had driven its last spike connecting the Atlantic and Pacific and great cities had sprung up, I recall driving through the city of Calgary with an old friend whose birth dated back to this era. He was pointing out buildings that had gone up costing from \$300,000 to a million.

"Why, I remember," he said, "when the site of the whole city was swapped for a bag of missionary flour." "Why in the world hadn't we the sense," I asked him, "to go out and buy half the town for five cents?"

"Because," returned my friend, "none of us happened to have the five cents."

It was much the same in Chicago in the 1850's.

The land grant coming to the Illinois Central was some 2,595,000 acres along the right-of-way. Though the state had failed to build in 14 years, the road had to be built within six years. The lands were to be exempt from taxation. The right-of-way covered 100 feet on each side of the tracks and the road was to get the alternate even numbered sections of unpreempted land within six miles of the rails.

If you think all this was given without due return to state and Federal Governments, you mistake the astute minds of a Lincoln and Douglas fathering the scheme for the benefit of the public.

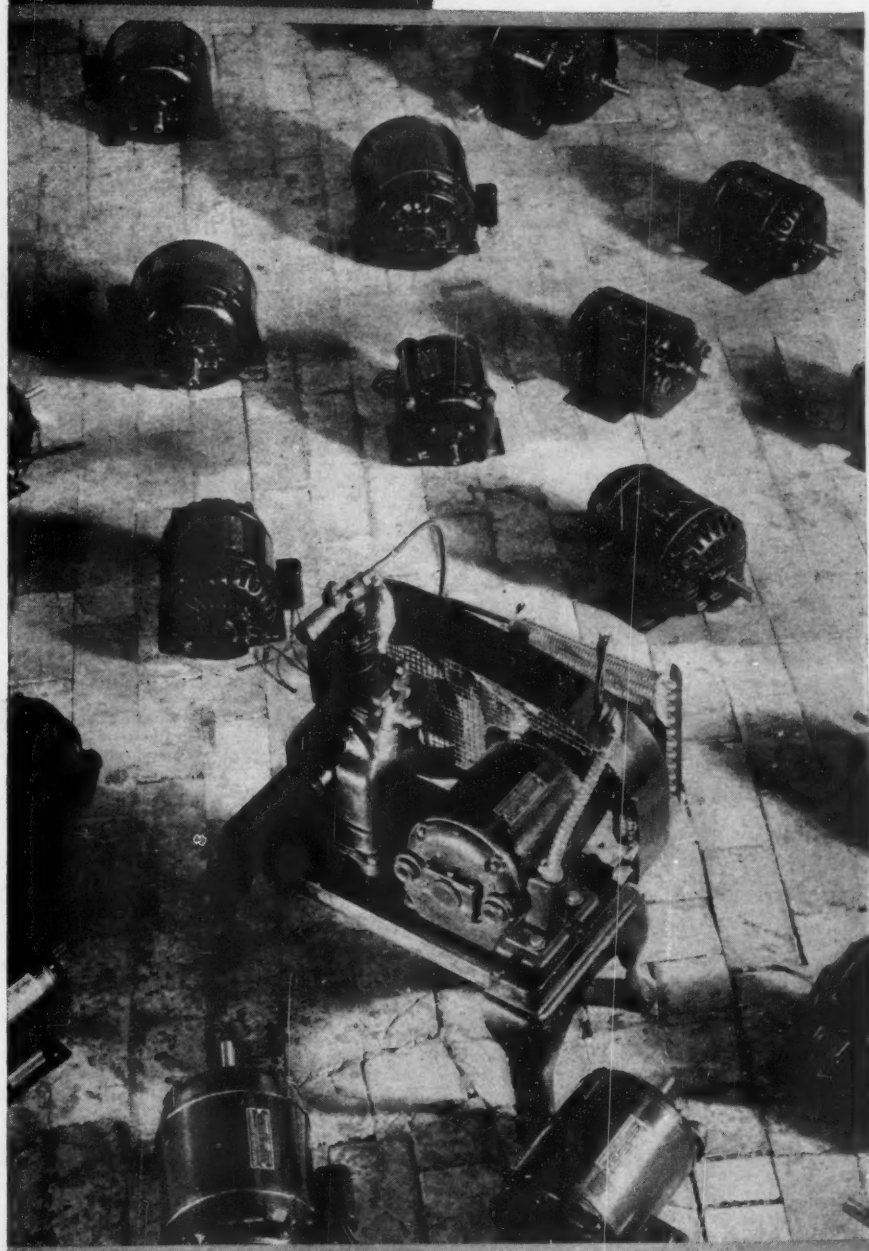
In place of land taxes, the road was to pay for all time to Illinois a charter tax and seven per cent of its gross income.

No room for padded accounts and concealed assets and extra expenditures on expansion or purchases of other bankrupt roads with profits on the bargain. On every dollar of traffic or other receipts, seven per cent had to go to the state.

The road was to remain a public highway for the use of the government mails, troops, and what not at such prices as the Government might direct, and the United States Supreme Court finally settled that price in 1876 at 50 per cent of other traffic rates for passen-

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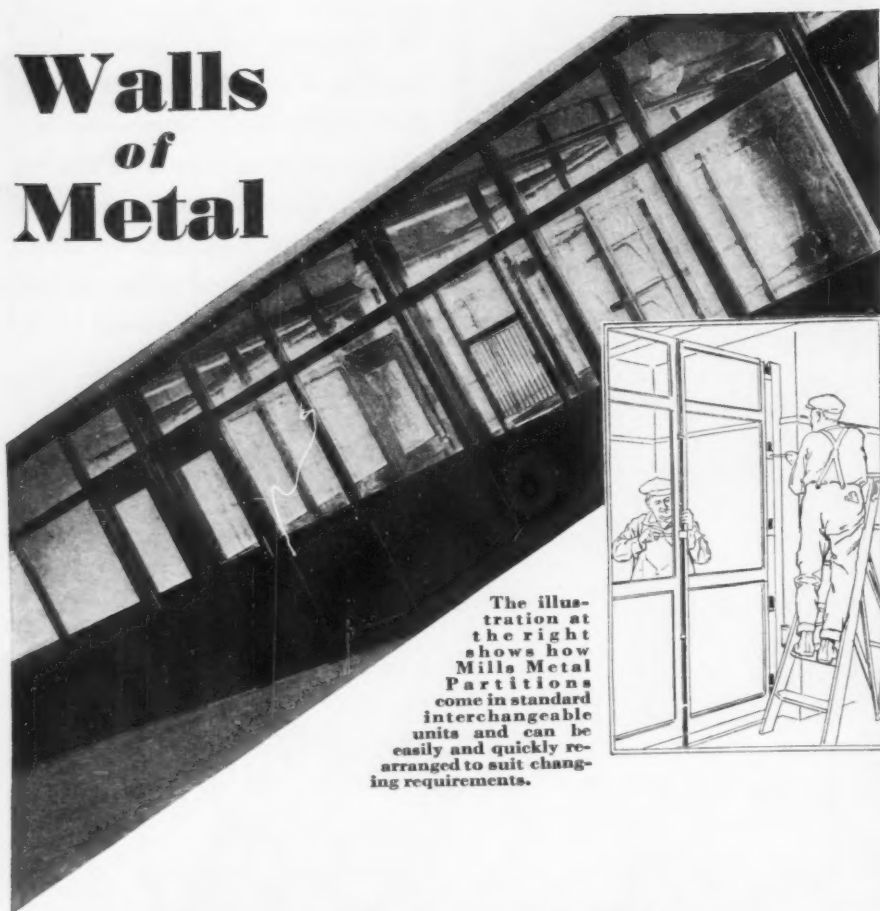
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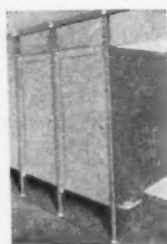
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ger and freight. Without a Supreme Court decision land-grant roads carry United States mails for 80 per cent of regular rates.

It proved the best bargain ever made by the state or Federal Government with any railroad.

The lands between the grants, which had been classed as "refuse waste wilderness," rose in value in a year to \$2.50 an acre; within five years to \$10 an acre, within ten years to \$30 and \$50 an acre.

State and nation profited

THE Illinois Central could have bought every acre of that land at \$1.25 an acre; but, like my friend in Calgary, it didn't happen to have the \$1.25. By 1925, the Federal Government had saved by this bargain \$7,585,000. This is more than twice the highest upset price at which the Illinois Central could have bought the land.

How did Illinois fare? Up to 1925, on seven per cent of gross receipts, it had received \$64,402,422 in taxes. Had the road paid the ordinary taxes independent of the land grant, taxes would have totaled \$34,400,000. The State benefited by \$30,000,000.

In other words, up to 1926 the state got back almost \$25 an acre in taxes on land which had been unsalable before the railroad was built.

Yet more.

When the land was all sold—and little of it was sold by the railroad at more than \$10 an acre—and passed into private hands, that same land again yielded state and county the uniform public tax. Here we are in a realm where figures swim in a haze; and I do not suppose can ever be pulled out of the haze to show the entire gain to Illinois.

Of the unsold portion of the land grant, the Illinois Central in 1915 owned 9,774 acres—principally station and freight shed areas. The most valuable of this was 320 acres in the vicinity of Chicago; but please recall that land could not be sold at 16 cents an acre before rails came, could not be traded for a turkey or a horse.

Land grants were cheap

OF COURSE, as the Illinois Central pressed forward its links to New Orleans and the Mississippi by buying or taking over crippled lines, it fell heir to other less valuable grants with less valuable bargains to the states involved; but that was not the fault of the Illinois Central, nor of the men who proposed

that land grants should be made to aid rails.

In the land grant era from 1856 to 1893, there passed from the Federal Government 158,293,377 acres, of which roughly a fourth were unpatented or not earned by the collapse of the rails. To this must be added such individual state grants as that by Texas, swelling the total grants to around 168,000,000 acres or 262,000 square miles.

But even here, Fate dealt one of her unexpected spanks. The story is so ridiculous it surely may be told. It is so ironical it discounts bitterness and confounds alike friends and foes.

As the various rails obtaining land grants pressed on to claim their patents, it became apparent that much of the land was worthless and could not be sold at 50 cents an acre, nor rented at five cents for spring pasture. It was desert, sand, lava rock brittle as glass, and black as ink.

Mix-up in land patents

THE RAILS which really had tried to link up arable areas on different sides of these lands worthless for traffic and worthless for sales besought the Government to exchange the worthless grants for forested sections from which lumber traffic might be derived.

As the timber was valueless without rails, the Government prepared to accede to such requests and arrange exchanges.

But some scamp with more cunning than brains, more care for a bribe than an honest bargain—whether in the service of the Federal Bureaus or of the rails is not known—took care to destroy records of some such transfers.

The rails wanted good lands. Why not let them have them, no matter what allotments had been patented? When he had finished the record showed the roads owning timber lands but no sand.

Then Dame Fortune played one of her frisky tricks.

Up from those waste lands, where rails were rusting for need of traffic burst floods of oil.

Was there a scampering to prove those worthless lands had been allotted and patented and couldn't be reserved by the Government? There was, though but a few years before both Federal Government and rails had been trying to prove the very opposite—the Government to save the forested lands now more valuable than in the 1860's and 1870's, the rails to get lumber lands for sales and traffic.

It is one of the most ridiculous somersaults in all rail history; and I venture to



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say, if the dishonest scamp, who caused the disappearance of the records, could come back to earth today, the rails would scalp him and the Government give him his weight in gold.

Without land grants in the 1850's and 1860's would rails have gone ahead? Up in Canada some 25 years ago when land grants were forever abolished and national aid substituted in guaranteed provincial and federal loans and bonds, all hats were tossed in air with jubilation over an evil system—all hats but one, the hat on a little, gray curly head from the Lower Provinces, who resigned his position from the Dominion Cabinet in silent protest.

Pioneer rails need help

WAS HE right? Would the rails so bonded and guaranteed have gone ahead without aid—land or bonds guaranteed? They would not; or they would long since have been built. The Canadian Pacific, one of the most prosperous and solid lines in the world, could not go ahead without aid of both cash and lands.

There are yet more sardonic phases to the land grant disputes. In certain areas in California and Texas the rails

sold at from \$2.50 to \$10 from which the oil output alone has now exceeded the entire assets of the railroad selling the lands. From certain areas along the old Central Pacific the timber output has given individual operators who bought at \$10 an acre fortunes exceeding those of "the big four" who built the Central Pacific.

There are certain cities on the Pacific Coast—Los Angeles, San Francisco, Seattle, Portland—where the increase in real estate values caused by the rails now exceeds all the land grants that created these rails.

So when we see the lurid maps with a buffer belt of "empires" given away to the rails of the West, let us ask ourselves frankly who benefited more from the land grants, the rails or the people living along the rail lines built with the aid of the grants?

And let us not forget that all first investors both in bonds and stocks of these rails with the exception of four—perhaps six if the investors hung on, which the majority didn't—lost every dime of their life savings and in some cases of their life fortunes in backing these rails which created the prosperity of the West.

Chain Stores and Rents

A READER in a city of something less than 20,000 population writes to NATION'S BUSINESS concerning the rental situation in his town. The burden of his complaint is that "real estate brokers" have apparently increased rents in the town by inducing chain stores to bid against local merchants for locations. The first broker to adopt the practice picked up at a low price an old piece of property in a desirable part of town. After extensive renovations, he leased store-rooms to four different chain-store organizations at rates which dumfounded merchants acquainted with the town's usual rentals.

Other brokers came in and obtained options on desirable pieces of real estate. They soon acquired nearly all the desirable property in the retail section of the town. The brokers who thus obtained control of the business section cared little for the interests of the town, the writer continued. They used high-pressure selling to locate foreign chains there at the high rents.

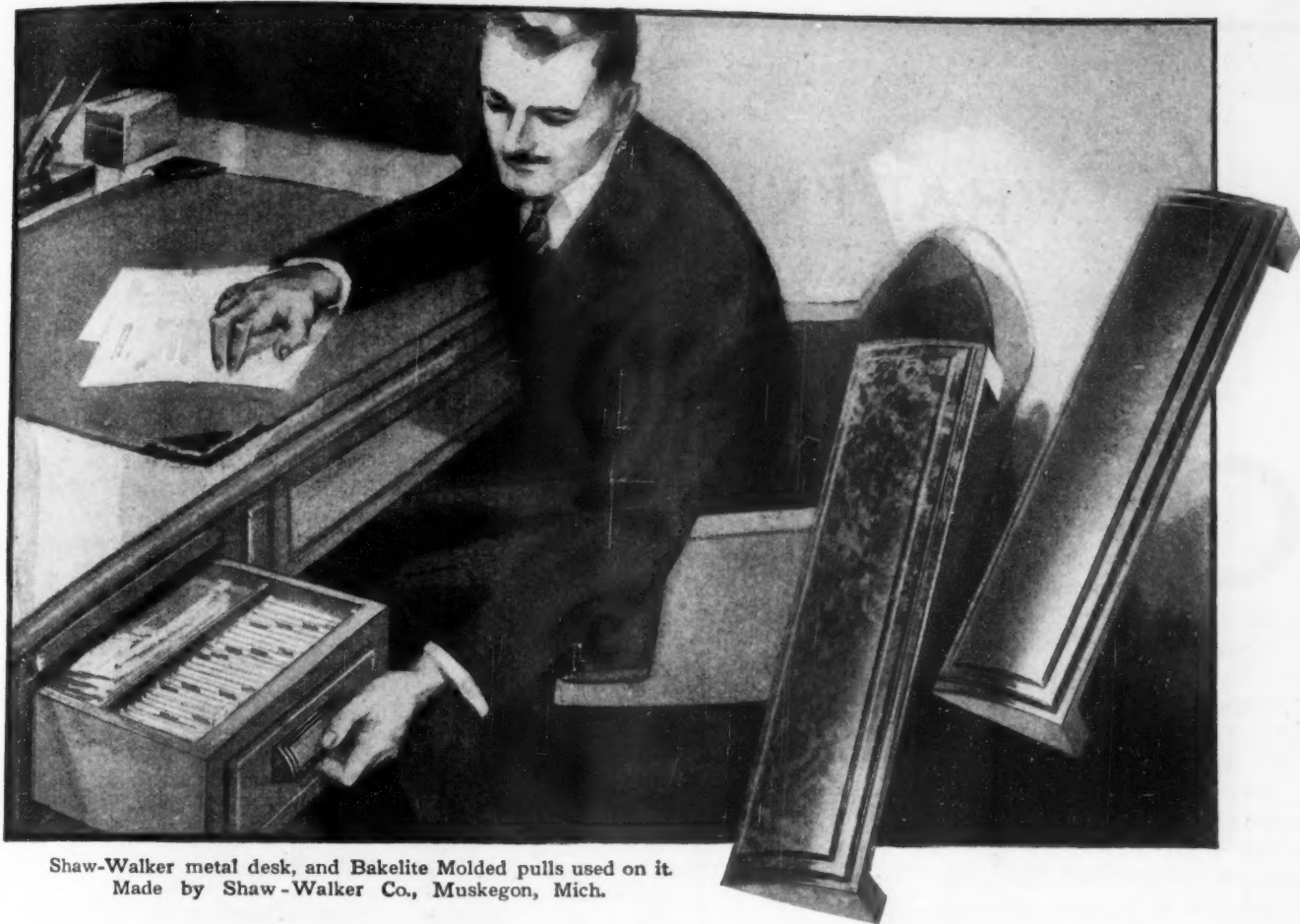
There was no particular comfort for the independent retailers in the fact

that all the new chain stores that came into the community within a single year proved disappointments to their owners. The greatest weakness of the chains concerned lay in their selections of the new locations offered them.

A boom on rents

THESE and other real estate brokers, our correspondent declared, are visiting towns throughout the country and obtaining options on property in the retail districts. When the land is under control it is rented to chain-store organizations. The result is that rents are driven higher without increases in the earning power of the locations.

The obvious remedy, thinks our correspondent, is for stores, particularly chain stores, to study their locations, getting information from local chambers of commerce wherever possible, and to form accurate judgments as to the real value of locations before leasing them. If this were done, he says, many small towns would not have the disturbing booms that hurt trade and upset property values.



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Made by Shaw-Walker Co., Muskegon, Mich.

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Bakelite Molded is an ideal material for draw pulls of all kinds. It is strong mechanically and unaffected by atmospheric conditions. It is readily molded to exact dimensions and to practically any form. It leaves the mold with a lustrous surface that time and use does not dim. Made in

a variety of colors, it is easy to match the olive green commonly used for metal furniture, or almost any wood finish. Shaw-Walker found it "superior in every way to bronze or wood."

Manufacturers of thousands of products have discovered that Bakelite Molded is superior to wood, metal, fibre, porcelain and other materials for many purposes. Often it has been an economy and a sales advantage as well. Booklet 42M "Bakelite Molded" tells about it in an interesting way. A copy is mailed promptly on request.

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WHAT I'VE BEEN READING

By WILLIAM FEATHER

ONE of the interesting men in England is Ernest J. P. Benn, writer and publisher, and ardent advocate of individualism.

Among the titles of Benn's books are "Confessions of a Capitalist," "Prosperity and Politics," "The Letters of an Individualist," and "If I Were a Labour Leader."

Benn doubts that our present economic system is properly understood. In his opinion, the benefits of capitalism are not adequately appreciated in England; otherwise socialism would not have made such great advances. He contends that capitalism is blamed for many evils for which it is in no way responsible. Those who attack capitalism point to evils in present-day life, but they ignore the blessings of existence today compared with the condition of people in the days of pre-capitalism.

Benn has directed attention to the weakest link in the socialist argument. Those who propose a new economic order have plans for the division of profits.

"How," asks Benn, "do they propose to handle losses?"

In "Confessions of a Capitalist," Benn included the balance sheets of many of his publishing enterprises. He showed that some of his publications lost money; some made money. In the paradise of socialistic theory every business enterprise is profitable. In actual experience failure is common.

AS A consequence of his writing and speaking, Benn concluded that, although there was a mass of literature advocating socialism, which was within easy reach of the reading public, there was a dearth of books on sound economics written in popular language.

To correct this situation, he wrote several books himself, and encouraged



KEYSTONE VIEW

Ernest J. P. Benn, English "writer-publisher, and advocate of Individualism"

others to write. Further, he founded the Individualist Bookshop where selected titles are available to all for purchase or binding. Among the ventures of this bookshop is the compilation of a list of books known as the Works' Library.

This library, consisting of 27 volumes, is offered to factories for £6 (\$30). The authors include eminent business men, economists, and historians. Books by party politicians have been excluded.

BECAUSE it seems to me that this Library is of interest to American business men, I am printing the list:

- Austin and Lloyd "Secret of High Wages"
- Benn, Sir Ernest "Confessions of a Capitalist"
- Benn, Sir Ernest "If I Were a Labour Leader"
- Benn, Sir Ernest "Prosperity and Politics"
- Brookings, R. S. "Industrial Ownership"
- Buer, Miss M. C. "Economics for Beginners"

- Cable, Boyd "Labour and Profits"
- Cannan, Prof. Edwin "Wealth"
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- Clayton, J. "The Rise and Decline of Socialism"
- Cox, Harold "Economic Liberty"
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SOCIALISM is not a daily menace in the United States as it is in England, but that fact should not lull to inaction those who believe in the advantages of capitalism. The present prosperity of this nation is not a blessing that would have been enjoyed under another form of economic organization. It is due to the freedom of private enterprise, under which men are rewarded in proportion to their usefulness, intelligence, courage, risk, and patience.

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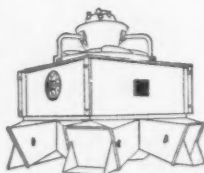
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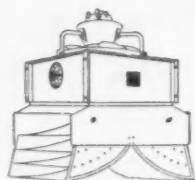
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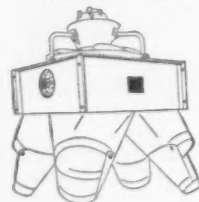
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parison of this century or this decade with any previous period is convincing testimony of amazing progress from the top to the bottom of the population.

SOMETIMES you learn more about your own country by going away than by staying at home.

The individualists in England hold monthly luncheons in winter at which they hear speakers who are prominent in the movement. P. A. Molteno, a shipowner, spoke at one of these meetings. He called America the home of Individualism.

"Landing in America," he said, "you are immediately conscious of the great change in the psychological atmosphere. The atmosphere there is entirely different. It is much like the difference that there is between the feeling in winter in Europe and spring in America.

"There is aspiration; there is promise for the future; there is a fundamental relief that a man is a man, free to determine his own fate, his position limited only by his own capacity and his own ability. That is the impression you get from America."

A RECENT English book is called "The Mystery of Trade Depression" by Frederick E. Holsinger.¹ The subtitle says it is "an analysis of the collapse of production and employment under the capitalist system in the industrial countries of Europe with the outline of a plan for the economic reorganization of human society upon the basis of individual liberty, personal property and private enterprise."

Holsinger attempts to prove that the economic troubles of Great Britain and Europe are due to the export of capital—foreign investment. In the last 50 years Great Britain loaned billions of pounds to the colonies, while France and Germany loaned billions of their money to Russia and South America.

Great Britain, before the war, literally told the rest of the world:

"Buy our goods if you can, borrow them if you must, but, whatever you may do, take them off our hands. We must get rid of the stuff, whether you choose to pay us for it or not."

Not only did Great Britain sell the major part of its foreign shipments on credit, but it loaned money to its creditors, with which to pay interest. Thus were railroads, waterworks, and other useful enterprises constructed in the

United States, Canada, Australia, Russia, and South America.

If Great Britain could take the food and raw materials its dominions are prepared to ship, all would be well, but Holsinger points out that the lack of purchasing power of the masses is a more effective tariff wall than any parliamentary barrier. British capitalists have money to lend, but British workers have no money to buy.

The conclusion seems to be that each year an enormous surplus flows into the pockets of British capitalists—at least it did before the war—and that this money was invested in foreign lands instead of at home.

HOLSINGER proposes a childish scheme to eliminate this alleged evil. He would limit incomes and prohibit foreign investments, both of which are, of course, undesirable and impractical.

The weakness of his analysis and his conclusions is that without the export of capital the surface of the world that is habitable and productive would be only a fraction of the present area.

Under a free system capital goes where it is most needed. The new countries needed railroads, and offered liberal prizes to those who would take the risk of building them. The money was forthcoming.

To forbid the export of capital would be a selfish procedure, and unenforceable, even if desirable. Obviously, if British capitalists could not have sent their money to the new countries, they would have gone themselves. Great Britain would have been drained of something more precious than money—its most intelligent and enterprising men.

The chief merits of Holsinger's criticism, which is brilliantly put, is that it vividly calls attention to the folly of neglecting home markets for distant markets.

The greatest asset of the United States is our home market. By means of liberal wage policies we have cultivated the purchasing power of our own people. Only in recent years have we been an exporter of capital. Now we are finding ourselves in the position of Great Britain.

We do not want imports of goods; therefore, we deprive our creditors of any way of paying us interest on our loans. Interest payments are now being financed by new loans. Many wonder how long this can go on, and where it will end.

¹The Mystery of the Trade Depression, by Frederick E. Holsinger. P. S. King & Son, Ltd., London.

THE SUBJECTS of "foreign trade" and "favorable balance of trade" need

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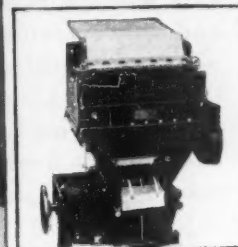
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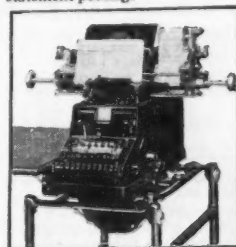
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study. It is difficult to understand how the social and economic progress of a nation like the United States is promoted by an excess of exports over imports, particularly since we must lend the foreigners the money with which to buy our goods, and then lend them more money to pay the interest on our loans.

Money, of course, is international-minded. It goes where it promises the best return. Perhaps the best way to handle this question is to follow Benn's advice and let individuals decide it for themselves, by watching their personal balance sheets.

IN THE last six years I have visited Europe three times. Although progress is visible in all the countries visited, I returned this fall with the feeling that the economic gap between Europe and the United States widens each year. Our progress exceeds theirs. We are moving forward faster. Despite improvement they are relatively farther behind now than they were six years ago.

Shortly after I arrived in my own home I drove my automobile out of the garage and a tire went flat. I walked a block to a garage where I found a mechanic. I asked for help and he said he would be along in a couple of minutes. He came in an automobile, with his tools on the seat beside him. As he worked, I observed that he used both hands, turning a screw with each set of fingers.

In less than ten minutes the wheel had been changed, and the job was done. The experience was a vivid demonstration of the American way. Every job here is organized to save man power. Tools are cheaper than muscle. Time is valuable. We save time and muscle. We get things done easily and quickly. The Europeans are learning our ways, but not so fast as we are learning better ways.

I WAS NOT favorably impressed by European newspapers and magazines. We have gone far beyond the press of the older countries. The popular newspapers in England seemed pathetically inadequate. Weeklies such as *John Bull* contained little substance.

I admired the conciseness of English writing, but I was disappointed in the range of subjects discussed. On the Continent I could not perceive that news was a popular commodity. The European press certainly does not reflect a lively interest in world events.

In the production of books, Europe can teach us much. More books on

serious subjects seem to be published and read. Bookshops are far more common.

THE most popular author in the world at the moment is Edgar Wallace who produces thrillers in wholesale quantities. He has been translated into all languages, and the flashing covers of his volumes are displayed in all cities in Europe.

For three weeks the members of my family devoured Edgar Wallace. His tales appeal to all ages. My daughter, 12, read them as avidly as her mother. For the first time in our lives our family found a common denominator of interest in books. Later in the journey we tired of Edgar Wallace, and each sought his own reading, but while the fever was upon us Edgar Wallace was read exclusively.

OCCASIONAL displeasure has been expressed on this page with vague, ambiguous, and unnatural writing. The complaint is that so many of the current books for business and professional men are almost unreadable.

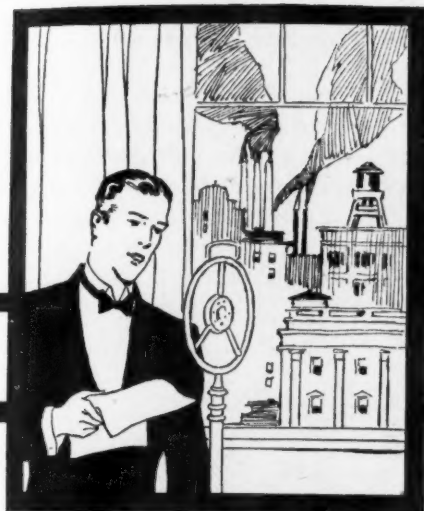
One evening, recently, I turned to Schopenhauer's "Essays on Literature" for confirmation of my conviction of what is wrong.

The weakness of many writers, says Schopenhauer, is that "they try to make the reader believe that their thoughts have gone much further and deeper than is really the case. They say what they have to say in long sentences that wind about in a forced and unnatural way; they coin new words and write prolix periods, which go round and round the thought and wrap it up in a sort of disguise. They tremble between the two separate aims of communicating what they want to say and of concealing it. Their object is to dress it up so that it may look learned or deep, in order to give people the impression that there is very much more in it than for the moment meets the eye."

Half the books on political economy are unintelligible, but it is not the profundity of the authors that gives the reader a headache.

"Nothing is easier than to write so that no one can understand," says Schopenhauer, "just as contrarily, nothing is more difficult than to express deep things in such a way that every one must necessarily grasp them."

Thomas Nixon Carver, professor of political economy at Harvard University, writes so lucidly that the reading of his books is a pleasure. When Profes-



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An interesting one reel film, "The Battle Song of the Cities" depicting some phases of the smoke evil, will be sent free of charge to clubs, churches, schools or other organizations desiring instructive entertainment for their meetings. Please write our Philadelphia office.

From many and many a city these days you'll hear an announcer broadcasting the flying weather forecast.

"Ceiling unlimited, visibility one mile, wind direction and velocity, etc., etc.," thus goes out the information that makes night flying safer.

But to the shame of the cities of the land, far too many times is the broadcast ended with a statement such as this, "Dense smoke clouds over city."

Not only are increasing smoke clouds a hindrance to man's taking to the skies, but the pall which they spread over metropolitan centers takes its daily toll in wealth and human health.

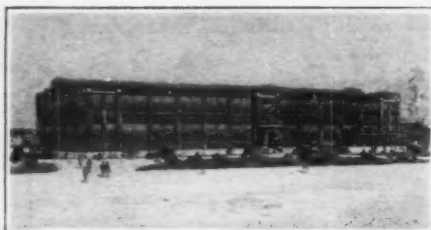
Signs of improvement are many. Political units are taking up the battle to clean the air. But better far would it be for American business and American homes to protect themselves by taking the lead in abolishing the needless waste from smoke.

For homes and many businesses the quickest, surest, most economical way to smoke prevention is to burn a truly smokeless fuel such as Famous Reading Anthracite — the better Pennsylvania hard coal. If you have a smoke or combustion problem, ask for the services, without obligation, of a Reading combustion engineer.

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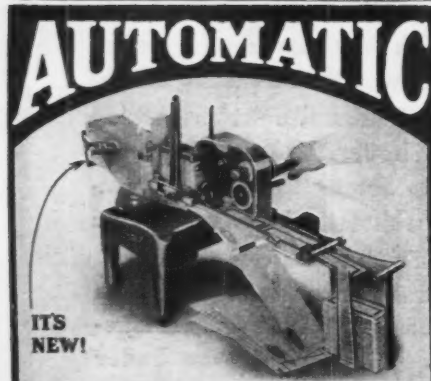
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sor Carver writes he has something to say, and he is not afraid to expose his ideas to the sunlight. William Graham Sumner, professor of political economy at Yale University, was equally readable and understandable, as thousands of readers of "The Forgotten Man" and his other essays will testify.

Several years ago T. A. Rickard, editor of the *Mining and Scientific Press*, wrote "Technical Writing."

In an early chapter of the book he quotes the remark of Ruskin that, "A great part of the supposed scientific knowledge of the day is simply bad English, and vanishes the moment you translate it."

The newest book on the art of writing is "English and Science" by Philip B. McDonald, associate professor of English at New York University. The business house that writes letters, catalogs, booklets, or department reports, should make this book required reading for its writers and correspondents.

The man who makes an occasional error in grammar never offends as much as did the writer of the following resolution, adopted by the board of governors of the New York curb market, and cited by Professor McDonald:

"That a member trading for his own account, who gives up another member, does not thereby impose any liability on the member thus given up until the member thus given up stamps the comparison or exchanges a clearing-house ticket, except, however, that by an agreement in writing, filed with the secretary's office, a member may contract to clear for another member for a period specified therein, which contract shall in so far as other members are con-

"English and Science," by Philip B. McDonald. D. Van Nostrand Company, Inc., N. Y. \$2.

cerned be binding for such period, unless 24 hours' written notice of the prior cancellation of such contract shall be given by either party to the secretary's office and posted upon the bulletin board."

The engineer or business man who cannot express himself in writing accurately, lucidly, and concisely is seriously handicapped. Months of study and investigation may have to be summarized in a ten-page report. If the report is unintelligible, its author probably will not be employed a second time.

THE unforgivable sin of most writers is the habit of using 20 words to say what could be said in ten, or inflating a small idea into a ponderous article.

Professor McDonald says: "Most articles of ten, fifteen, or twenty pages in the better class of magazines could be condensed to one, two or three pages and still express their ideas adequately, the articles are long because the authors are flattered by the length or have not the ability to be succinct, and because the editors of most American magazines lack the courage to print short articles. Most books of nonfiction could be condensed to a pamphlet and no harm would be done; in fact a sigh of relief would go up."

Probably only one person in 10,000 writes for publication. But everybody in business writes letters and memoranda.

Obscurity and pomposity in a poem or essay may do slight damage, but in business documents these faults lead to misunderstanding, loss of trade and costly law suits. "English and Science" is written to help facilitate business by making better writers of professional men and executives.

On the Business Bookshelf

AN ADMIRABLE summary of our waterway situation is given by Mr. Clowes in "Shipways to the Sea."¹ During the generation before the Civil War waterways were supreme in American transportation. But by the '60's the railroads had come and had been built across the Appalachians at several points. There they had the ad-

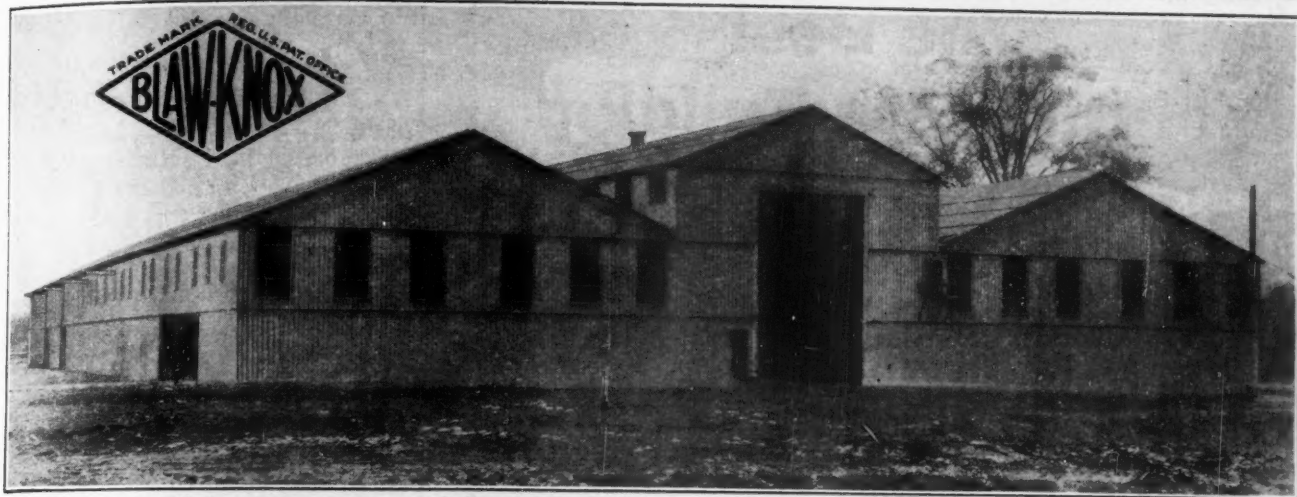
vantage, for canals could cross the Appalachians at only two places.

¹Shipways to the Sea: Our Inland and Coastal Waterways, by Ernest S. Clowes. Williams & Wilkins Company, Baltimore, 1929. \$4.50

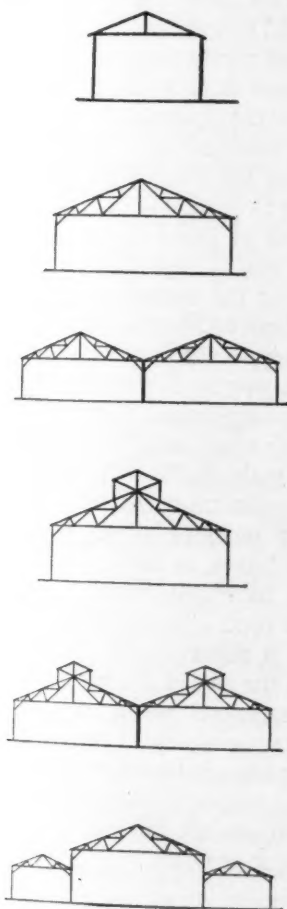
Railroads by the time of the World War, had almost entirely replaced the canals and river waterways in the transportation field. Inland-waterway transportation has recovered somewhat from the position it then held, but many question whether it is worth while for the nation or the states to nurse it into complete recovery. As Mr. Clowes asks:

"Is it a paying proposition now? Will it ever be? Why not abandon the rivers

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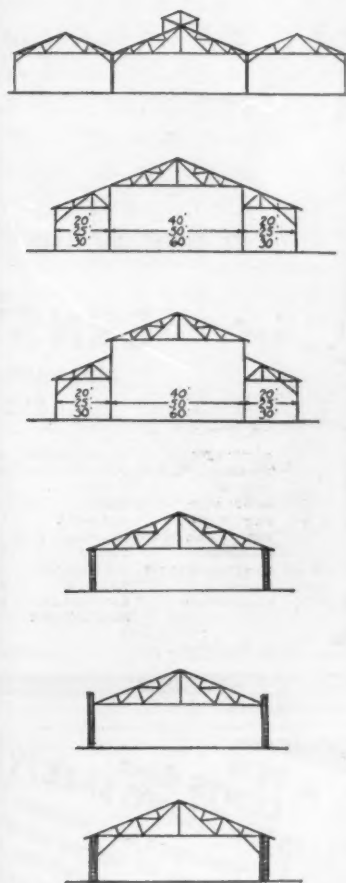
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as traffic routes save for a few simple commodities; quit sinking money in canals, and depend on the railways to handle all the freight offered? Such is the problem."

AN EXTENSIVE study and analysis of the St. Lawrence-Great Lakes waterway proposals has been made by Messrs. Moulton, Morgan and Lee for the Institute of Economics of the Brookings Institution.² The book presents facts and figures on the subject completely and interestingly.

The report shows that the depth of the proposed canal would have to be 33 feet instead of the 27 planned in order to admit cargo vessels of the modern ocean type. Furthermore, it is maintained that ocean cargo ships are not suitable for lake trade nor are lake ships suitable for oceanic trade.

According to the report, the costs of construction have been grossly underestimated. Disregarding costs that would be charged partly to power production—and there is at present little or no market for the potential power—annual expenses would amount, conservatively figured, to \$36,000,000 a year. These costs "are to be paid out of the national treasuries of the two governments (United States and Canada)—which means that the taxpayers are to contribute about \$3.50 a ton for the benefit of such shippers as would use the route.

. . . The overhead charges of \$3.50 a ton are the equivalent of about 11 cents a bushel on wheat and rye, the principal items of grain traffic. . . . The reductions in grain rates that would be effected by enabling ocean carriers to enter the Lakes, or lake boats to move down to Montreal, would be at the most four cents a bushel. Thus, in order to effect a reduction of four cents a bushel in the cost of moving grain, taxpayers in general would have to contribute approximately 11 cents a bushel. The conclusion is therefore inescapable that the proposed twenty-seven-foot navigation project cannot be justified on economic grounds."

"COMMODITY Exchanges"³ is an attempt to present a comprehensive pic-

²The St. Lawrence Navigation and Power Project, by Harold G. Moulton, Charles S. Morgan, and Adah L. Lee. The Brookings Institution, Washington, D. C., 1929. \$4.

³Commodity Exchanges, by Julius B. Baer and George P. Woodruff. Harper & Brothers Publishers, New York, 1929. \$5.

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ture of commodity exchanges, their organization, their purposes, and their economic functions.

The first of the two authors recently directed the legal work in connection with the organization of four major exchanges. He also contributed an article, "The Why of Commodity Exchanges," for the July NATION'S BUSINESS.

The authors explain the factors common to various exchanges. They explain the workings of the futures contracts and the differences between the cash and futures markets. Also they discuss the need for the futures contract in modern distribution, how it should be used by dealers, manufacturers, and others, its possible evils, and how they have been guarded against.

In the discussion of hedging, it is explained how dealers, manufacturers, warehousemen and large producers can remove their businesses from the range of speculation through hedging and place those businesses on sound merchandising bases.

"APARTMENT House Management,"⁴ by Alvin Lovingood, deals with the history of apartments, salesmanship, services, rents, duties of the various employees, negotiable paper, multiple electric refrigeration, and numerous other subjects.

THE UNITED STATES Government publishes more information and statistics regarding the nation's economic progress than any other government in the world. Difficulty is experienced by many research workers, however, in getting the greatest benefit from this vast source of information.

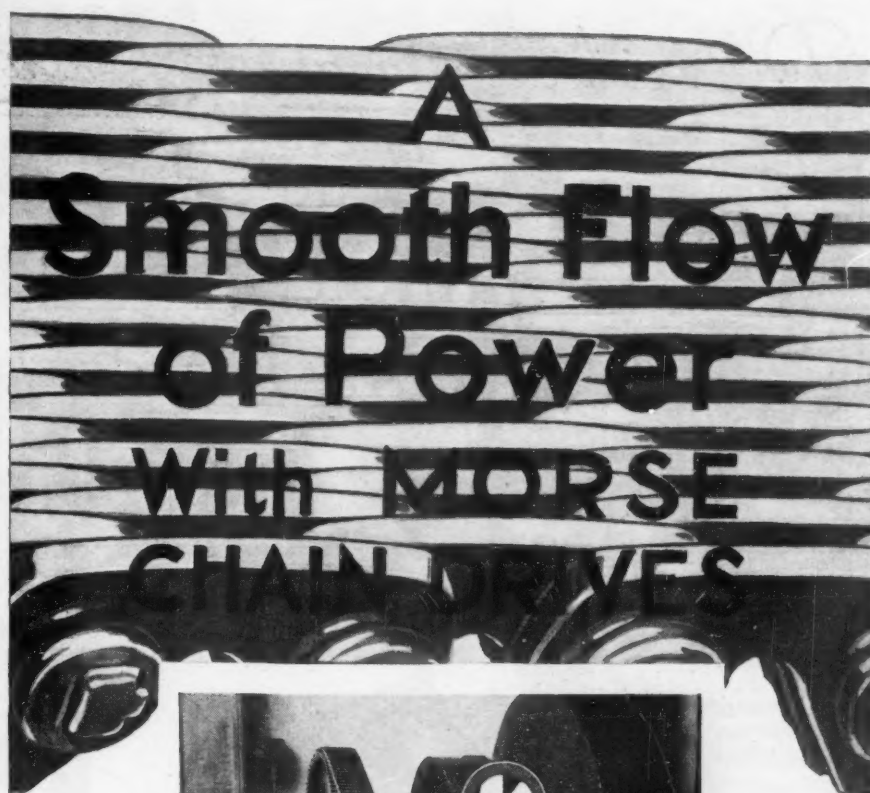
To obviate the handicap of trying to find unlisted mimeographed reports, ranging from those on acetate of lime to those on yarn, The Special Libraries Association, 11 Nisbet Street, Providence, R. I., has published a descriptive list of government periodical mimeographed statements.⁵

This book should prove of great help in collecting and filing reports of the various government agencies.

MR. LIPPINCOTT has written an interesting and comprehensive book on

⁴Apartment House Management, by Alvin Lovingood. Alger Publishing Company, Los Angeles, Calif., 1929.

⁵Descriptive List of Government Periodical Mimeographed Statements. Special Libraries Association, Providence, 1929. \$1.75.



MORSE SILENT CHAINS, driving from motor to 10 ton ammonia compressor, at Colgate & Co., Jersey City, New Jersey.

YOU don't have to start expensive machinery with a jerk that takes years of its useful life away, and you don't have to pay a high premium for power transmission upkeep. Morse Silent Chain Drives serve every line of industry, in small installations of one or two horsepower, and big ones of five thousand. They cut overhead costs, increase production, get the most work out of machines, and give a power flow of 98.6% efficiency throughout their long and useful lives.

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KELLEY & HUEBER
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Makers of a Comprehensive and Reasonably Priced Line of
Leather, Imitation Leather and Metal Novelties
Novelties Created to Meet Your Specific Needs

the economics of the world.⁶ His volume falls into three parts, the first of which proved of most interest to this reviewer. Here is detailed the present status of international commerce, the effects of human resources and institutions on the growth of trade and industry, and the effects of foreign investments on the development of resources and world economic organization.

Part II contains chapters which present the resources of the various parts of the world—forests, fields, mines, and waters. Part III contains chapters on the industrial growth of various countries. Emphasis is laid on the economic conditions of the leading nations but much attention is given to the secondary regions which only now are beginning to be developed.

It's a book, we believe, well worth the time and trouble of all men engaged in foreign trade and of many whose trade is only domestic.

DR. DULLES' book⁷ has twofold value. First, it is a history of the fluctuation of the franc. Second, it is an essay on monetary theory.

Most readers will recall the behavior of the franc during the War, the lack of confidence afterwards which culminated in the tobogganing process ending in 1926, and the legal stabilization at a new level in 1929.

Dr. Dulles tells of the various phases of the depreciation, its internal and external effects, and symptoms. The effect of the budget on the franc makes an interesting chapter. France had had deficits continually. The old budget was prepared in such a way that the average Frenchman could get not even an inkling of the state of his country's finances—a condition that in the last few years has been remedied.

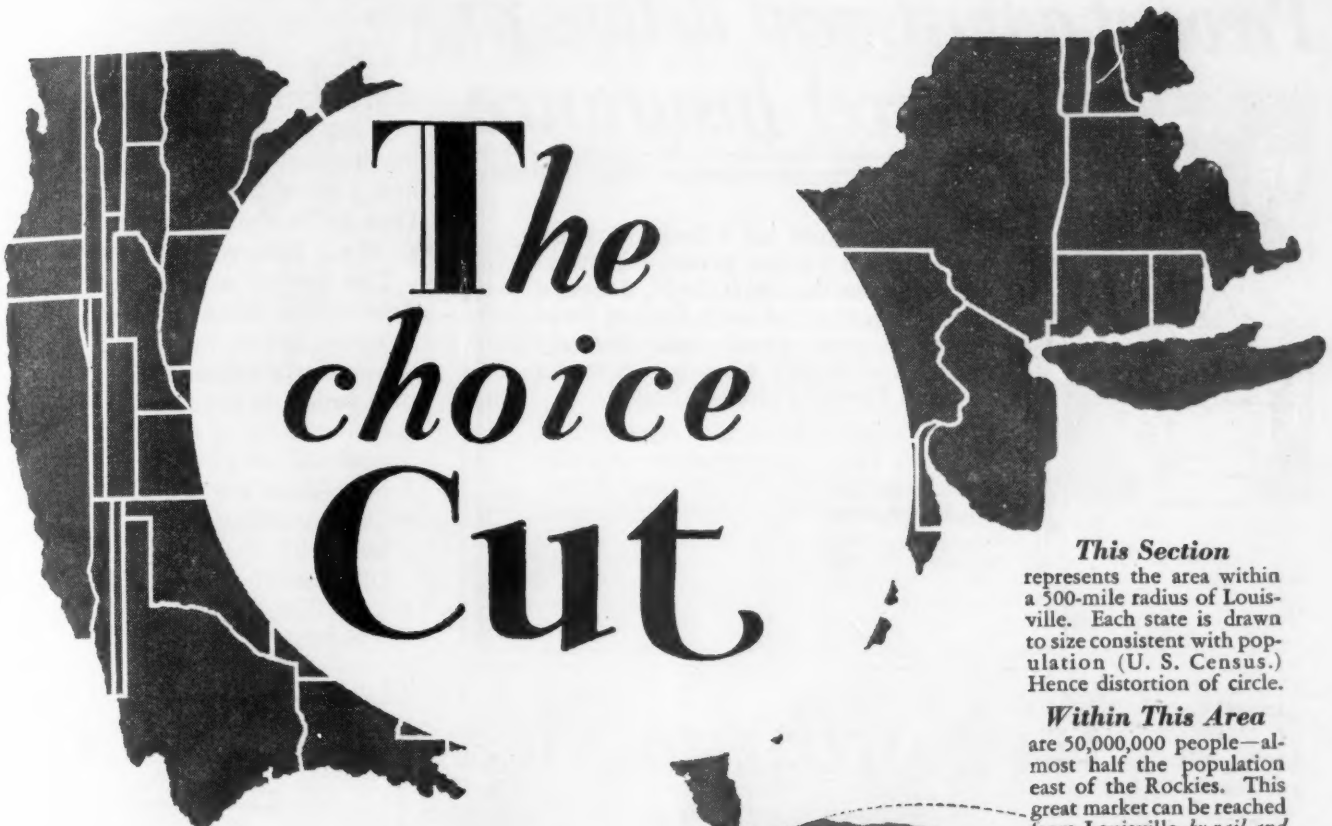
MR. STOCKWELL'S book, "Introduction to Business Management,"⁸ outlines the important activities, functions, and offices in business organizations and tells how the managers of the various departments work.

The book gives helpful suggestions toward training to qualify for new op-

⁶Economic Resources and Industries of the World, by Isaac Lippincott. D. Appleton and Company, New York, 1929. \$5.

⁷The French Franc, 1914-1928, by Eleanor Lansing Dulles. The Macmillan Company, New York, 1929. \$6.50.

⁸Introduction to Business Management, by Herbert G. Stockwell. Harper & Brothers Publishers, New York, 1929. \$4.



The choice Cut

Competition, with its increasing response to hand-to-mouth buying, is forcing the manufacturer into active defense.

To satisfy the insistent consumer demand for quicker shipments and reduced inventories, establishment of branch plants is the logical first step.

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represents the area within a 500-mile radius of Louisville. Each state is drawn to size consistent with population (U. S. Census.) Hence distortion of circle.

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(Population map used through courtesy of Karsten Statistical Laboratory, New Haven, Conn.)



To the interested executive, the Louisville Industrial Foundation—a non-profit organization—will furnish detailed data on: Shipping costs, prevailing wage scales, power rates, real estate values, tax exemptions, etc. Strict confidence. No obligation.

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Variety and supply of raw materials, transportation, cheap power, and multiple labor, climate, and multiple natural advantages invite your interest in this industrially proven area.

Ask us for comparative costs in Central Carolinas. Name your product, volume desired and present location. No obligation.



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RALEIGH, NORTH CAROLINA
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140-Page Book of record-keeping forms, filled in to show you their uses. It answers problems of accounting for office, factory and professions. This Free Book describes and illustrates Moore's Security 4-Post Binders, the simplest, easiest handled on the market. To insert or remove sheets takes but a moment. Low in cost—long in life. Moore's Binders are Different.

Write on your business stationery for this Free Book on up-to-date Loose-Leaf equipment

JOHN C. MOORE CORP. Est. 1839
6036 STONE STREET ROCHESTER, N. Y.

opportunities. It is, we believe, well worth a reading by young executives.

MR. SHERLOCK discusses, not international finance, but the history and development of the United States. The first part of his book, "The World's Debt to the United States," is a synopsis of our history.

The second part shows the steps America has taken in world progress. It refutes the oft repeated dogma that America is a dollar-chasing, material-mad nation. It points out and explains the contributions America has made toward the advancement of the world. Among them are political, industrial, religious, architectural, and literary contributions.

Of those who read this book, some will not like it, but more, we believe, will like it.

*The World's Debt to the United States, by Chelsa C. Sherlock. The Stratford Company, Boston, 1929. \$3.

Recent Books Received

Mergers and the Law, National Industrial Conference Board, Inc., New York, 1929. \$3.

A study of the Sherman Antitrust law and industrial mergers.

Retail Credit Procedure, by Norris A. Brisco. Prentice-Hall, Inc., New York, 1929. \$5.

Intended as a guide for credit men with gigantic problems or numerous small ones. A book of actual experiences giving up-to-date methods.

Industrial Accounting: Control of Industry Through Costs, by Thomas Henry Sanders. McGraw-Hill Book Company, New York, 1929. \$4.

Layout Technique in Advertising, by Richard Surrey. McGraw-Hill Book Company, New York, 1929. \$4.

A Textbook on Retail Selling, by Helen Rich Norton. Revised Edition. Ginn and Company, Boston, 1929. \$1.60.

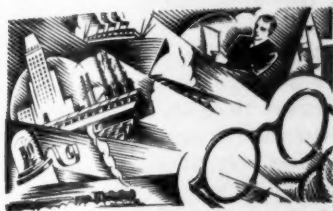
The Way to More Productive Selling, by Charles C. Casey. McGraw-Hill Book Company, New York, 1929. \$2.

The Handbook of Corporate Management and Procedure, by Earl A. Saliers. McGraw-Hill Book Company, New York, 1929. \$7.50.

Bankers' Balances, by Leonard L. Watkins. A. W. Shaw Company, Chicago, 1929. \$6.

A Textbook on Law and Business, by William H. Spencer. The University of Chicago Press, Chicago, 1929. \$6.

THROUGH THE



EDITOR'S SPECS

WALTER BAGEHOT, who some 50 years or so ago edited *The London Economist*, once wrote that an editor's chief difficulty lies in the fact that those who know don't write, while those who write don't know. Perhaps times have changed or again perhaps readers have changed.

At any rate there come to our desk every month a great many letters from readers who certainly know what they're writing about and whose opinions we are glad to air in this column—even though at times they differ widely from views expressed by our other contributors.

Godfrey M. Lebharr, editor of *Chain Store Age*, for instance, writes us concerning O. Frederick Rost's article, "The Chain Store Comes of Age," softening his criticism by saying:

We have such a high regard for NATION'S BUSINESS, we hate to find fault with it, either directly or indirectly.

Then, taking up his editorial lance, he jousts with Mr. Rost in the September *Chain Store Age* in this fashion:

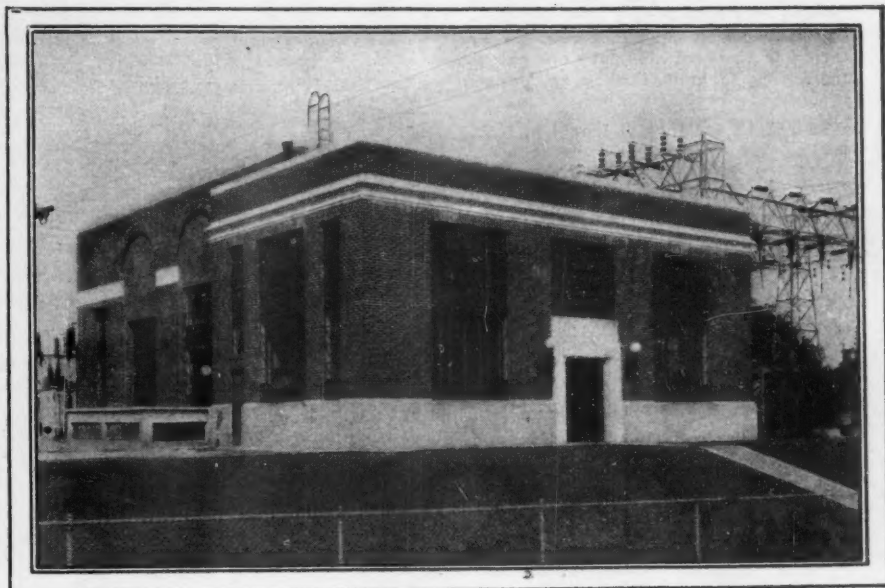
It would seem to us that the charts and figures presented by Mr. Rost to prove that the chains have reached "ceiling" . . . suggest just the opposite. In other words, if he were attempting to prove that the chains may be expected to expand at even a greater rate than has been witnessed in the past, what better support would he want for that prediction than the fact that their net profits are declining?

But Mr. Rost is far from the mark not only in the faulty conclusion he draws from the figures he refers to, but in his interpretation of the figures themselves.

Judging, for instance, from his statement that "three chains show an increase of nearly 150 per cent in the number of stores against an increase of but slightly more than ten per cent in the sales per store," he would seem to be under the fantastic impression that sales per store should increase in the same ratio as the increase in the number of stores!

Supplementing that strange implication, it is true, he does make the more intelligent statement that of 13 of the largest grocery

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THE introduction of this rugged marble into the exterior permits your architect or engineer to plan a finer looking building, yet the cost of a small quantity of marble is negligible. The building shown is the East Point Sub-Station of the Georgia Power Co., I. Moscowitz, Architect.

Georgia Marble is practically impervious to moisture, therefore it is immune to the attacks of the elements. Address inquiry to any of our offices.

THE GEORGIA MARBLE COMPANY • TATE • GEORGIA

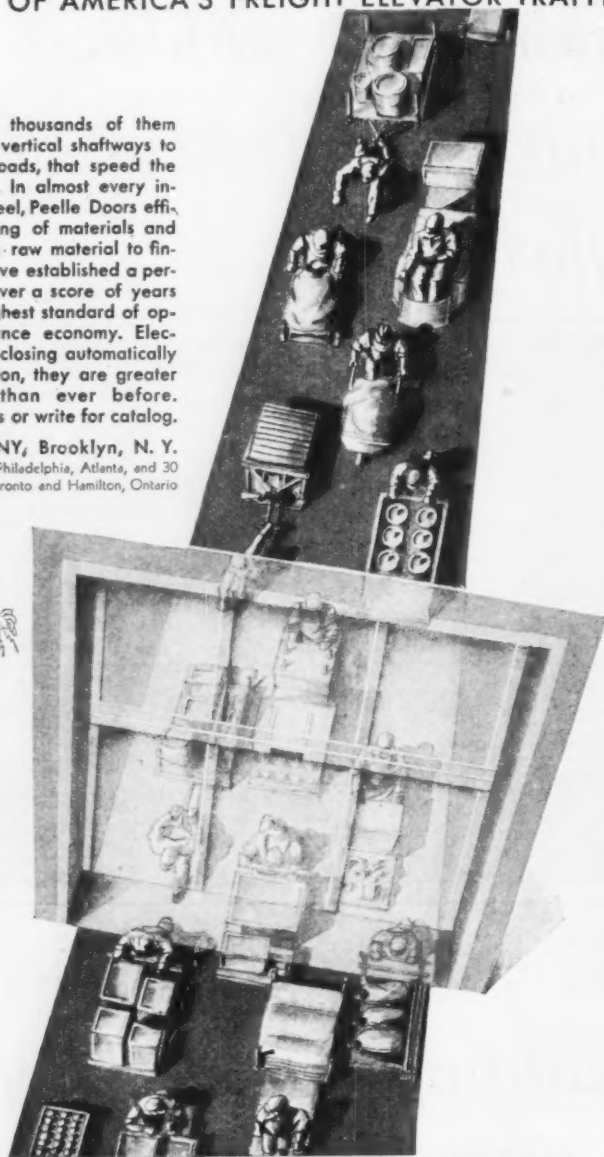
1328 Broadway 814 Bona Allen Bldg. 648 Builders' Bldg. 622 Construction Industries Bldg. 1200 Keith Bldg.
NEW YORK ATLANTA CHICAGO DALLAS CLEVELAND

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THE PEELE COMPANY, Brooklyn, N. Y.
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PEELLE Freight Elevator DOORS

Meet These FIVE MEN in Nation's Business for December

EACH one is an important cog in his own industrial wheel. Their opinions are given careful consideration in highest business circles. Each one will talk to you on a timely business subject in next month's issue of NATION'S BUSINESS.

LEW HAHN

Pres., Hahn Dept. Stores, Inc.

GEN. JAMES G. HARBORD

Pres., Radio Corp. of America

JAMES J. DAVIS

Secretary of Labor

RALPH BUDD

Pres., Great Northern Railway

DWIGHT T. FARNHAM

Manager, Industrial Dept., Peat, Marwick, Mitchell & Co., Accountants

chains in the country, seven show a decrease in the net profits per sale, and that, of 38 chain systems in various fields, 21 showed a similar falling off.

But the trouble with these statistics is that they cover but a comparatively few chains, and that another set of statistics might easily be prepared to offset them. . . .

For instance, an analysis of the net earnings of 49 chains shows that 28 showed a better ratio to sales in 1928 than in 1927, as against only 21 which showed a lower ratio. Furthermore, of 21 chains whose net profits for the first six months of this year have been published, 14 show a better ratio of earnings to sales than they did in the corresponding period of 1928, and the aggregate net earnings of the entire group bears a higher ratio to their aggregate sales than it showed in the same period last year. . . .

If those who view chain-store growth with alarm can get any comfort out of Mr. Rost's contribution, far be it from us to deprive them of it, although it would seem to us the comfort the ostrich gets by burying his head in the sand is at least as profitable.

R. HILL CARRUTH (may his tribe increase!), manager of the Memphis branch of the Fidelity and Deposit Company of Maryland, on the other hand, tosses us this pleasant tribute:

I get more real pleasure and benefit from reading NATION'S BUSINESS than any other journal that reaches my desk. I think you are always on the right track and it is seldom that I have any thoughts of criticism of the articles. When such thoughts occur, by the time I have finished reading practically all of the articles and especially your editorials and "As the Business World Wags," I am so filled with the fine thoughts contained therein that the criticisms are erased from my mind.

I congratulate you and your staff upon the fine constructive work you are performing.

AND HERE is a human letter, the kind that rather warms even an editorial heart. It comes from the Rev. G. W. Critchlow, Meadville, Pa., and concerns William Boyd Craig's article, "Thomas Critchlow, Storekeeper," in the August issue, or rather the subject of that article, who, we take it, is a relative of our correspondent. The Reverend Critchlow writes:

There is one feature of encouragement (referring to the article) for Tom. Years ago, while Tom was in college, his father was fatally injured while saving two children in a runaway. Tom was called home to assist in the conduct of the store. He was saddened by the fact that his aim in life was marred. Your publicity of the fact that he has become successful brings a certain cheer to his heart. This is something that he had never dreamed of in his busy career.

"Get this note to the Editor ... maybe he can help us"



The SCRIPPS-HOWARD Newspapers indulge in no maudlin sentiment about the criminal. They neither glorify his deeds, nor awaken misplaced sympathy for him, through sensational journalism.

But they also believe that the State's concern with a criminal extends far beyond conviction. That the criminal is entitled to fair prison treatment, just as he is entitled to a fair trial. And that over-crowding, graft, and cruelty are too barbarous to remain within the code of any civilized State.

So when the editor of a Southern SCRIPPS-HOWARD Newspaper began to hear, mainly through smuggled letters, of particularly bad conditions in the State prison . . . his paper urged an investigation. It was made. But it resulted in a complete whitewash for the warden and the prison board! Again the Scripps-Howard paper took up the cause. Another investigation was made. Another report was published. Finally, under pressure of public opinion, the Board of Welfare took decisive action. And the Governor secured the ap-

proval of the State Legislature for a new and modern penitentiary costing three million dollars.

Several SCRIPPS-HOWARD Newspapers are still urging reforms in the system that produced three deadly prison riots in one month last summer. And many other SCRIPPS-HOWARD Newspapers are helping to prevent prison abuses . . . to protect people from the danger of wholesale escapes . . . to keep the conscience of the good citizen clear, and his pride in his State unhurt by medieval penal methods.



NEW YORK *Telegram* SAN FRANCISCO . . . *News* BUFFALO *Times* COLUMBUS . . . *Citizen* HOUSTON *Press* KNOXVILLE *News Sentinel*
CLEVELAND . . . *Press* WASHINGTON . . . *News* INDIANAPOLIS . *Times* AKRON . . . *Times-Press* YOUNGSTOWN *Telegram* EL PASO *Post*
BALTIMORE . . . *Post* CINCINNATI *Post* DENVER *Rocky Mt. News* BIRMINGHAM . . . *Post* FORT WORTH . . . *Press* SAN DIEGO *Sun*
PITTSBURGH . *Press* COVINGTON *Kentucky Post* TOLEDO . . . *News-Bee* MEMPHIS *Press-Scimitar* OKLAHOMA CITY *News* EVANSVILLE . . . *Press*
— *Kentucky Edition of Cincinnati Post* ALBUQUERQUE . . . *New Mexico State Tribune*

SCRIPPS · HOWARD

NEWSPAPERS

MEMBERS OF THE AUDIT BUREAU OF CIRCULATIONS . . .
OF THE UNITED PRESS AND OF MEDIA RECORDS, INC.

NATIONAL ADVERTISING DEPT., Stuart S. Schuyler, DIRECTOR, 230 PARK AVE., NEW YORK, CHICAGO, SAN FRANCISCO, DETROIT, LOS ANGELES, ATLANTA, PHILADELPHIA, BUFFALO, DALLAS

Index of Advertisers

November, 1929

| | PAGE | | PAGE |
|--|------|--|----------|
| Acme Card System Company..... | 63 | International Harvester Company of America, Inc. | 93 |
| Addressograph Company..... | 71 | International Paper Company..... | 140 |
| Aetna Life Insurance Company, The..... | 188 | Irving Trust Company..... | 6 |
| Agricultural Insurance Company..... | 130 | John Hancock Mutual Life Insurance Company..... | 144 |
| Alexander Hamilton Institute..... | 69 | John-Manville Corporation..... | 185 |
| Aluminum Company of America..... | 219 | Joslin, A. D., Manufacturing Co..... | 180 |
| Amarillo Chamber of Commerce..... | 122 | Kansas City Chamber of Commerce..... | 229 |
| American Appraisal Company, The..... | 180 | Kelley & Hueber..... | 238 |
| American Clip Company..... | 236 | Kemp, C. M., Mfg. Company..... | 164 |
| American Express Company..... | 132 | Kimberly-Clark Corporation..... | 73-74 |
| American Founders Group, The..... | 171 | LaSalle Extension University..... | 162 |
| American Gas Association..... | 134 | Lawrence, B. E. & Co., Inc..... | 133 |
| American Institute of Steel Construction, Inc..... | 87 | Los Angeles Chamber of Commerce..... | 7 |
| American-LaFrance & Foamite Corporation..... | 109 | Louisville Drying Machinery Company, Inc..... | 131 |
| American Machine & Foundry Company..... | 212 | Louisville Industrial Foundation, Inc..... | 239 |
| American Multigraph Sales Company, The..... | 97 | Marchant Calculating Machine Company..... | 83 |
| American Mutual Liability Insurance Company..... | 91 | Master Builders Company, The..... | 53 |
| American Numbering Machine Company..... | 220 | Matthews Company, The..... | 238 |
| American Telephone & Telegraph Company, 3rd Cov..... | 216 | Merchandise Mart, The..... | 151 |
| Armstrong Cork & Insulation Company..... | 209 | Metropolitan Life Insurance Company..... | 54 |
| Art Metal Construction Company..... | 170 | Middle West Utilities Company..... | 181 |
| Associated Gas and Electric Company..... | 10 | Mills Company, The..... | 224 |
| Austin Company, The..... | 10 | Milwaukee Road, The..... | 161 |
| Bakelite Corporation..... | 227 | Missouri Pacific Lines..... | 139 |
| Baker Vawter-Kalamazoo Div. of Remington Rand..... | 102 | Modine Manufacturing Company..... | 197 |
| Becker, A. G., & Co..... | 172 | Mohawk Carpet Mills..... | 182 |
| Bell & Howell Co..... | 160 | Moore, J. C., Corporation..... | 240 |
| Blaw-Knox Company..... | 235 | Morse Chain Company..... | 237 |
| Blodgett, Harvey, Company..... | 162 | Multipoint Company..... | 196 |
| Broderick & Bascom Rope Company..... | 198 | Mutual Casualty Insurance..... | 126 |
| Brown & Williamson Tobacco Corporation..... | 125 | National City Company, The..... | 174 |
| Burdick Corporation, The..... | 146 | National Lamp Works of General Electric Co..... | 201 |
| Burroughs Adding Machine Company..... | 59 | National Lumber Manufacturers Association..... | 89 |
| Californians Inc..... | 143 | New Jersey Zinc Company, The..... | 195 |
| Canadian National Railway Company..... | 106 | Niagara Blower Company..... | 206 |
| Carolina Power & Light Company..... | 240 | Northwest Bancorporation..... | 179 |
| Carthage Chamber of Commerce..... | 220 | Norton Company..... | 165 |
| Chevrolet Motor Company..... | 51 | Oakite Products, Inc..... | 144 |
| Circle A Products Corporation..... | 200 | Oakland Motor Car Company..... | 57 |
| City Manager..... | 236 | Otis Company..... | 170 |
| Commercial Investment Trust Corporation..... | 166 | Pacific Gas and Electric Company..... | 202 |
| Consolidated Expanded Metal Companies, The..... | 178 | Package Machinery Company..... | 81 |
| Cuban National Tourist Commission..... | 94 | Parker Rust-Proof Company..... | 114 |
| Cutler-Hammer, Inc..... | 119 | Peelle Company, The..... | 242 |
| Detex Watchlock Corporation..... | 116 | Pennsylvania Railroad..... | 78 |
| Detroit Steel Products Company..... | 110 | Philadelphia and Reading Coal and Iron Co., The..... | 233 |
| Diebold Safe & Lock Company..... | 215 | Pneumatic Scale Corporation, Ltd..... | 2nd Cov. |
| Dodge Brothers Corporation..... | 137 | Postage Meter Company..... | 111 |
| Domestic Electric Company, The..... | 155 | Postal Telegraph-Cable Company..... | 145 |
| Do/More Chair Company..... | 118 | Pressed Steel Div. Truscon Steel Co..... | 88 |
| Duke Power Company..... | 194 | R. C. A. Communications, Inc..... | 222 |
| Ediphone, The..... | 218 | Reading Iron Company..... | 163 |
| Egry Register Company, The..... | 104 | Remington Rand Business Service, Inc..... | 102-231 |
| Egyptian Lacquer Mfg. Co., Inc., The..... | 77 | R. J. Reynolds Tobacco Company..... | 4th Cov. |
| Egin National Watch Company..... | 100 | Richards-Wilcox Mfg. Company..... | 2 |
| Elliott Addressing Machine Co..... | 234 | Robbins & Myers, Inc..... | 158 |
| Elwell-Parker Electric Company, The..... | 142 | Robertson, H. H., Company..... | 115 |
| Encyclopaedia Britannica, Inc..... | 3 | Ryan Aircraft Div. of Detroit Aircraft Corp..... | 90 |
| Engraved Stationery Manufacturers Association..... | 238 | Safe-Guard Check Writer Corporation..... | 226 |
| Equitable Trust Company of New York, The..... | 177 | Santa Fe System Lines..... | 232 |
| Erie Railroad System..... | 193 | Scripps Howard Newspapers..... | 243 |
| Ernst & Ernst..... | 236 | Security-First National Bank of Los Angeles..... | 175 |
| Ezelek Manufacturing Company..... | 162 | Sheet Steel Trade Extension Committee..... | 120-121 |
| Ethyl Gasoline Corporation..... | 205 | Society of American Florists..... | 156 |
| Exposition of Power and Mechanical Engineering..... | 196 | Southern Pacific Company..... | 117 |
| Fargo Motor Corporation..... | 1 | Spartanburg Chamber of Commerce..... | 234 |
| Felt & Tarrant Mfg. Company..... | 190 | Stationers Loose Leaf Company..... | 128 |
| Ferguson, H. K., Company, The..... | 208 | Stone & Webster, Inc..... | 75 |
| First National Bank of Boston, The..... | 173 | Teletype Corporation..... | 207 |
| Fokker Aircraft Corporation of America..... | 167 | Thew Shovel Company, The..... | 138 |
| Ford Motor Company..... | 65 | Todd Company, The..... | 95 |
| Fulton-Sylphon Company..... | 199 | Truscon Steel Company..... | 67-88 |
| General Box Company..... | 221 | V-W Ventilator Co., The..... | 154 |
| General Fireproofing Co., The..... | 189 | Vacuum Oil Company..... | 4 |
| General Office Equipment Corporation..... | 211 | Wagemaker Company..... | 154 |
| Georgia Marble Company, The..... | 241 | Wagner Electric Corporation..... | 223 |
| Geuder, Paeschke & Frey Company..... | 225 | Western Electric Company..... | 147 |
| Gillette Safety Razor Company..... | 105 | Westinghouse Electric & Manufacturing Co..... | 112 |
| Goodyear Tire & Rubber Co., Inc., The..... | 245 | Weston Electrical Instrument Corporation..... | 217 |
| Great Lakes Aircraft Corporation..... | 85 | Weyerhaeuser Forest Products..... | 191 |
| Grinnell Company, Inc..... | 99 | Willson, James C., & Company..... | 176 |
| Guaranty Trust Company of New York..... | 168 | Wing, L. J., Mfg. Company..... | 230 |
| Halsey, Stuart & Company, Inc..... | 169 | Worthington Pump & Machinery Corporation..... | 187 |
| Harnischfeger Corporation..... | 246 | Yale & Towne Mfg. Co., The..... | 148-149 |
| Hinde & Dauch Paper Company, The..... | 135 | Yawman and Erbe Mfg. Company..... | 186 |
| Hornblower & Weeks..... | 175 | Youngstown Pressed Steel Co., The..... | 141 |
| Industrial Brownhoist Corporation..... | 92 | | |
| Industrial Dallas, Inc..... | 214 | | |
| Insurance Company of North America..... | 240 | | |
| International Business Machines Corporation..... | 8 | | |
| International Correspondence Schools..... | 60 | | |

THIS is the eighteenth of a series of editorials written by leading advertising men on the general subject of «Advertising»



Sales Control Now Follows Advertising

AN OLD school of manufacturers was sincere in its frequent expression of the belief that "a satisfied customer is the best advertising." Thinking in terms of production rather than distribution, these manufacturers believed that they had only to produce an article of unusual merit and sales must necessarily follow. They quoted—and believed in—the "mouse trap and beaten path" theory. The manufacturer of today realizes that, if he is to do a volume business in the face of the complexities of modern social and economic conditions, he must have more than a good product. His potential customers must know, through advertising, that his product is good.

But unfortunately, the best planned advertising campaign may fail if the manufacturer's product does not secure proper treatment at the hands of the retail salesman, who stands as the manufacturer's representative to the consumer.

Recognition of this has raised Factory Sales Control to an importance second only to the subject of advertising itself. The methods have ranged all the way from simple educational activities to the operation, under intensive direct selling plans, of a retail sales force in the direct employ of the manufacturer. Whatever the method, each venture has had as its objective the intelligent and aggressive taking of the "mousetrap" to the customer.

Business is concentrating in the hands of those manufacturers who are organized to exert control over the selling effort at the point of contact with the final customer.

CHARLES W. BROOKE,
Chairman of the Board,
Brooke, Smith & French, Inc.

Now Goodyear announces Balloon Tires for TRUCKS

*On Your New Trucks,
Specify Goodyears*

*An outstanding development —
to match the superb progress of
truck performance*

THESE new Goodyear Truck Balloons meet the new challenge of speed, smooth operation and long distance performance of present day trucks.

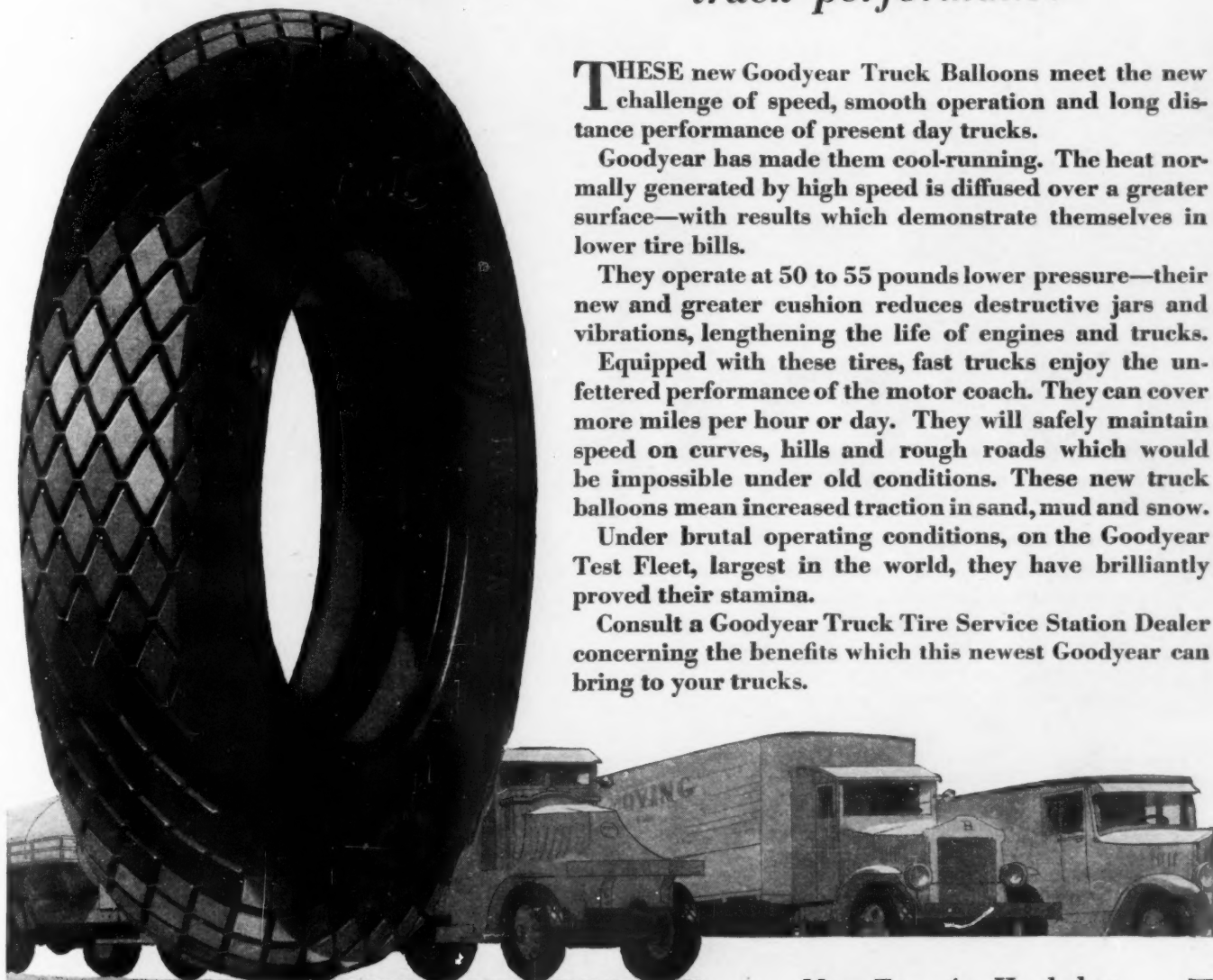
Goodyear has made them cool-running. The heat normally generated by high speed is diffused over a greater surface—with results which demonstrate themselves in lower tire bills.

They operate at 50 to 55 pounds lower pressure—their new and greater cushion reduces destructive jars and vibrations, lengthening the life of engines and trucks.

Equipped with these tires, fast trucks enjoy the unfettered performance of the motor coach. They can cover more miles per hour or day. They will safely maintain speed on curves, hills and rough roads which would be impossible under old conditions. These new truck balloons mean increased traction in sand, mud and snow.

Under brutal operating conditions, on the Goodyear Test Fleet, largest in the world, they have brilliantly proved their stamina.

Consult a Goodyear Truck Tire Service Station Dealer concerning the benefits which this newest Goodyear can bring to your trucks.



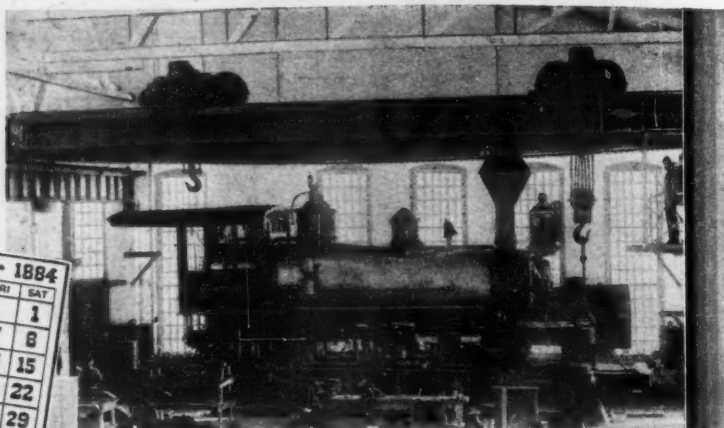
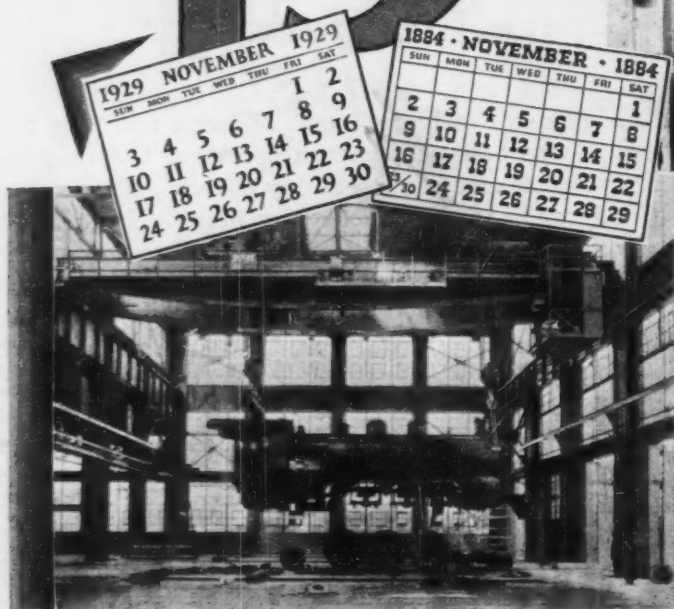
*More Tons Are Hauled on
Goodyear Tires Than on
Any Other Kind*



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When buying GOODYEAR TIRES please mention Nation's Business to the dealer

This Month P & H is 45 years old...



ABOVE: One of the first P & H Cranes. A 40-ton Locomotive-lifting Crane installed in the Union Pacific Shops at Cheyenne, Wyoming.

AT LEFT: A 250-ton Locomotive-lifting Crane installed in 1929 at the Cleburne Shops of the Santa Fe Ry. at Cleburne, Texas.

THE experience gained in 45 years of continuous manufacture is something money cannot buy. Steadily, under the painstaking direction of the same man who is still president of the company—the business has grown—the fund of valuable information increased, ideas on crane design developed—and workmanship evolved into crane-craftsmanship.

With complete manufacture under one control—responsibility is undivided. P & H and the entire P & H plant are behind the trouble-free crane service you get when you install another P & H Traveling Crane.

That is why there are more P & H Cranes in service than any other make—why such industrial leaders as American Brass, International Har-

vester, Baldwin Locomotive, Bethlehem Steel, General Motors, Ford, American Car & Foundry, Allis-Chalmers, Southern Pacific, Chicago & Northwestern R. R.—have continued their purchases of P & H Cranes over so long a period.

To provide industry with low cost, long life crane service . . . the ruggedness to withstand the overloads that are encountered, P & H has recognized the economy of quality of design and construction . . . In "The Story of P & H Crane Construction" these features are well illustrated and described.

A copy of this booklet will be mailed promptly on request.

HARNISCHFEGGER CORPORATION

Established in 1884
3830 National Ave., Milwaukee, Wis.
Offices and Agents in All Principal Cities

P & H Gasoline Crawler Crane goes anywhere. Not confined to tracks. Can be equipped as Crane, Magnet, Clamshell, Shovel or Dragline. Write for Bulletin.



P & H Cranes

THE LARGEST CRANE BUILDING CONCERN IN THE WORLD